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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)

CONNECTED TRANSACTION

LEASE AGREEMENT FOR OFFICE PREMISES IN THE PRC

The Board wishes to announce that on 23 November 2023 (after trading hours), the Lease Agreement has been entered into for the Lease Period, pursuant to which the Group would use the Leased Premises as its principal office in the PRC.

Pursuant to IFRS 16 “Leases”, the Group will recognise a right-of-use asset in its financial statements when the Group enters into a lease transaction as the lessee and such transaction will be deemed to be an acquisition of capital asset for the purpose of the Listing Rules. The value of right-of-use asset to be recognised by the Group under the Lease Agreement is estimated to be RMB1.70 million, which is calculated in accordance with IFRS 16 “Leases” with reference to the present value of the aggregated lease payments to be made under the Lease Agreement.

The Lessor is a limited liability company established in the PRC and principally engaged in property investment in the PRC. It is ultimately owned in equal shares by Mr. ZHU Bijiang, who is a member of the senior management of the Group and a cousin of Mr. YANG, and Ms. ZHU Bihui, who is also a cousin of Mr. YANG. The Lessor is therefore an associate of connected persons of the Company.

The Lease Agreement constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Lease Agreement is more than 0.1% but less than 5%, the Lease Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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THE LEASE AGREEMENT

The table below sets forth the principal terms of the Lease Agreement:

Date:	23 November 2023 (after trading hours)
Parties:	(a) the Lessee, which is a wholly-owned subsidiary of the Company and (b) the Lessor, which is an associate of certain connected persons of the Company.
Location:	33rd Floor, Building 1, Shenzhen Development Center, Renmin South Road, Luohu District, Shenzhen, the PRC
Gross floor area:	1,400 sq.m.
Lease Period:	3 years commencing from 1 December 2023 and expiring on 30 November 2026 (both dates inclusive).
Proposed use of the Leased Premises:	Principal office of the Group in the PRC.
Lease payments:	The lease payment payable by the Lessee under the Lease Agreement is exclusive of service fee and utility charges. The one-month period from 1 to 31 December 2023 will be the rent-free period.

The monthly lease payment for the first 23-month period from 1 January 2024 to 30 November 2025 is RMB56,000. The monthly lease payment for the remaining 12-month period from 1 December 2025 to 30 November 2026 is RMB57,120, representing an increase of 2.0% from the preceding period.

The total amount of lease payment payable under the Lease Agreement has been negotiated on an arm's length basis upon normal commercial terms between the Lessor and the Lessee with reference to the prevailing office lease market rates for comparable premises in the vicinity of the Leased Premises in the PRC.

Payment terms: The monthly lease payment shall be paid by the Lessee by the 10th day of each calendar month. Any overdue lease payment will be subject to a daily penalty, the amount of which is equivalent to two times the daily lease payment.

Deposit: The deposit payable by the Lessee shall be RMB112,000, which is equivalent to two months' lease payment during the period from 1 January 2024 to 30 November 2025.

Termination: The Lessee and the Lessor may by mutual agreement terminate the Lease Agreement before the expiry of the Leased Term.

Each party to the Lease Agreement may unilaterally terminate the Lease Agreement if (i) in the case of the Lessor, the Lessee has breached the terms and conditions of the Lease Agreement (including, but without limitation to, failure to pay rent, management fee, utility charges or other related fees for thirty (30) days), in which event the deposit shall be forfeited by the Lessor or (ii) in the case of the Lessee, the delivery of the quiet possession of the Leased Premises has been delayed for seven (7) days or more or the Lessor has breached the terms and conditions of the Lease Agreement which results in the Leased Premises not being suitable for leasing to the Lessee. In such event, the deposit paid by the Lessee and any pre-payment of lease payment, if any, shall be returned to the Lessee.

REASONS AND BENEFITS FOR ENTERING INTO THE LEASE AGREEMENT

The Leased Premises will be used by the Group for its business operations. The benefit for entering into the Lease Agreement is that the Leased Premises offers a larger office space at lower rental rates. The total amount of lease payment payable under the Lease Agreement has been negotiated on an arm's length basis upon normal commercial terms between the Lessor and the Lessee with reference to the prevailing office lease market rates for comparable premises in the vicinity of the Leased Premises in the PRC. The amount of lease payments over the term of the Lease Agreement will be settled out of the internal financial resources of the Group. The independent non-executive Directors are of the view that the Lease Agreement has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms and conditions of the Lease Agreement, including the lease payments, of the Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Both the executive Director and the non-executive Director have abstained from voting on the Lease Agreement.

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, and its principal business is the operation of department stores in the PRC.

The Lessor is a limited liability company established in the PRC and principally engaged in property investment in the PRC. It is ultimately owned in equal shares by Mr. ZHU Bijiang, who is a member of the senior management of the Group and a cousin of Mr. YANG, and Ms. ZHU Bihui, who is also a cousin of Mr. YANG. The Lessor is therefore an associate of connected persons of the Company.

RIGHT-OF-USE ASSET

Pursuant to IFRS 16 “Leases”, the Group will recognise a right-of-use asset in its financial statements when the Group enters into a lease transaction as the lessee and such transaction will be deemed to be an acquisition of capital asset for the purpose of the Listing Rules. The value of right-of-use asset to be recognised by the Group under the Lease Agreement is estimated to be RMB1.70 million, which is calculated in accordance with IFRS 16 “Leases” with reference to the present value of the aggregated lease payments to be made under the Lease Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The Lease Agreement constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Lease Agreement is more than 0.1% but less than 5%, the Lease Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Given that the Lessor is a connected person for the Company, each of Ms. HUANG and Mr. YANG may be regarded as having a material interest in the Lease Agreement and have abstained from voting on the relevant resolutions of the Board approving the Lease Agreement. Save as disclosed in this announcement, none of the Directors has been required to abstain from voting on the board resolutions of the Company in respect of the Lease Agreement.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

“ associate ”	has the meaning ascribed thereto under the Listing Rules;
“ Board ”	means the board of Directors;
“ Company ”	means 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);
“ connected person(s) ”	has the meaning ascribed to it under the Listing Rules;
“ Director(s) ”	means the director(s) of the Company;
“ Group ”	means the Company and its subsidiaries;
“ Hong Kong ”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“ IFRS ”	refers to the International Financial Reporting Standards issued by the International Accounting Standards Board;
“ Lease Agreement ”	means the lease agreement entered into between the Lessee and the Lessor on 23 November 2023 in relation to the lease of the Premises;
“ Lease Period ”	refers to the duration of the lease under the Lease Agreement, during which the Leased Premises will be leased to the Lessee;
“ Leased Premises ”	refers to the office premises with a gross floor area of 1,400 sq.m. to be leased by the Lessee from the Lessor under the Lease Agreement and situated at 33 rd Floor, Building 1, Shenzhen Development Center, Renmin South Road, Luohu District, Shenzhen, the PRC;
“ Lessee ”	means Shenzhen Shirble Department Store Company Limited* (深圳歲寶百貨有限公司), a wholly-owned subsidiary of the Company;

“Lessor”	means Shenzhen Ruizhuo Investment Company Limited* (深圳市瑞卓投資發展有限公司), a limited liability company established in the PRC and principally engaged in property investment in the PRC. It is ultimately owned in equal shares by Mr. ZHU Bijiang, who is a member of senior management of the Group and a cousin of Mr. YANG, and Ms. ZHU Bihui, who is also a cousin of Mr. YANG;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ms. HUANG”	means Ms. HUANG Xue Rong, the chairlady of the Board, the non-executive Director, and the mother of Mr. YANG;
“Mr. YANG”	means Mr. YANG Ti Wei, the deputy chairman, the chief executive officer, the executive Director, and the son of Ms. HUANG;
“PRC”	means The People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, The Macau Special Administration Region of the People’s Republic of China and Taiwan;
“RMB”	refers to Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	means the holder(s) of the share(s) of the Company;
“sq.m.”	refers to square metre; and
“Stock Exchange”	refers to The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 23 November 2023

As of 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.

** For identification purposes only.*