CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

PROFIT WARNING

This announcement is made by Century Ginwa Retail Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform shareholders of the Company and potential investors that based on the preliminary review of the management accounts of the Group for the six-month period ended 30 September 2020 and information currently available, it is expected that the Group will record a loss attributable to equity shareholders of the Company of approximately RMB614.6 million for the six-month period ended 30 September 2020 as compared to a loss attributable to equity shareholders of the Company of RMB289.7 million recorded for the six-month period ended 30 September 2019.

Based on currently available information, the aforesaid significant increase in the loss attributable to equity shareholders of the Company was mainly attributable to:

(i) a drop in revenue by approximately 22% attributable to the slowdown of the retail market in the People's Republic of China (the "**PRC**") due to the outbreak of the coronavirus ("**COVID-19**") and business diversion resulting from newly opened shopping malls and e-commerce channels in the market;

(ii) the provisions for impairment of goodwill and intangible assets of approximately RMB365.9 million due to the slowdown in economic growth in the PRC since the outbreak of COVID-19 in early 2020. As a result of the measures that were implemented to control the spread of COVID-19, the shopping habits of the general public have changed, resulting in the business operation of the Group being significantly impacted and it is expected that it will take time for the Group's business operation to fully recover. As such impairment is non-cash in nature, it will not have any material effect on the cash flow and the business operation of the Group; and

(iii) an increase in other operating expense by approximately RMB150.7 million to approximately RMB225.9 million for the six-month period ended 30 September 2020 (30 September 2019: RMB75.2 million) due to an increase in provisions for Cash Coupon Card (customers' prepaid cards within the Group's department stores, shopping mall and supermarkets) to be consumed. After comprehensively considering the amount of Cash Coupon Card that is expected to be consumed in the future, as well as the economic benefit inflows that the guarantee and the above collection measures may bring, long-term liabilities of RMB288,593,000 (31 March 2020: RMB94,046,000) and increase in provisions of RMB194,547,000 (30 September 2019: RMB Nil) have been recognised in the consolidated statement of financial position at 30 September 2020 and consolidated statement of profit or loss for the six-month period ended 30 September 2020 respectively.

The results of the Group for the six-month period ended 30 September 2020 remain subject to finalization and necessary adjustments, where necessary. The information contained in this announcement is only based on the preliminary assessment by the Company's management with reference to the information currently available to the Board, including the consolidated management accounts of the Group for the six-month period ended 30 September 2020, and is not based on any figures or information that has been audited or reviewed by the Company's auditors or the audit committee of the Company. The information contained in this announcement may be different from the actual financial information to be published. Shareholders of the Company and potential investors are advised to read carefully the details of the Group's interim results for the six-month period ended 30 September 2020, which are expected to be published at the end of November 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Century Ginwa Retail Holdings Limited
Huang Shunxu
Chairman

Hong Kong, 24 November 2020

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Huang Shunxu, Mr. Qin Chuan, Mr. Qi Yong and Ms. Wan Qing; two non-executive Directors, being Mr. Li Yang and Mr. Chen Shuai, and three independent non-executive Directors, being Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong.