
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Century Ginwa Retail Holdings Limited, you should at once hand this circular with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE LEASE AGREEMENT AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 3 to 12 of this circular.

A notice convening the special general meeting of the Company (the “SGM”) to be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Friday, 30 June 2023, at 11:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use in connection with the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy enclosed with this circular in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of shareholders and to prevent the spread of the novel coronavirus (COVID-19) pandemic, the following precautionary measures will be implemented at the SGM:

1. compulsory body temperature check will be conducted for every attendee at the entrance of the SGM venue. Any person with a body temperature of 37.4 degrees Celsius or above will be denied entry into the meeting venue;
2. every attendee will be required to wear a facial surgical mask throughout the SGM; and
3. no souvenir gift, refreshment or drink will be provided to attendees.

Attendees who do not comply with the precautionary measures referred to in (1) to (2) above will be denied entry to the SGM venue. For the health and safety of shareholders, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the SGM in person.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it in the Listing Rules
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 162)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 Leases issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 June 2023, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
“Lease Agreement”	Xianyang Century Ginwa (as lessee) and the Lessor (as lessor) entered into a lease agreement dated 15 May 2023 in relation to the lease of the Premises for a term of 15 years and 9 months
“Lessor”	Shaanxi Jinfangyuan Industrial Development Co., Ltd.* (陝西金方圓實業開發有限公司), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Lessor and Xianyang Century Ginwa, each a “Party”

DEFINITIONS

“PRC”	the People’s Republic of China
“the Premises”	Partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities located at Jinfangyuan Plaza, 29 Renmin West Road, Qindu District, Xianyang, Shaanxi
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on 30 June 2023, at 11:30 a.m., for the Shareholders to consider and, if thought fit, approve the Lease Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Xianyang Century Ginwa”	Xianyang Century Ginwa Dingshang Trade and Commerce Company Limited* (咸陽世紀金花鼎尚商貿有限公司), a company established in PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent
“m ² ”	square metres

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Yao Jiangang (*Chairman*)
Mr. Qin Chuan (*Chief Executive Officer*)
Ms. Wan Qing

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-executive Directors:

Mr. Huang Zhihua
Mr. Chen Shuai

Principal place of business in Hong Kong:

Unit 301, 3/F, OfficePlus@Wan Chai,
303 Hennessy Road, Wanchai,
Hong Kong

Independent non-executive Directors:

Mr. Tsang Kwok Wai
Mr. Ruan Xiaofeng
Mr. Song Hong

15 June 2023

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE LEASE AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 15 May 2023. The purpose of this circular is to provide you with further information in relation to (i) the Lease Agreement and the transactions contemplated thereunder; and (ii) a notice of the SGM.

LETTER FROM THE BOARD

2. THE LEASE AGREEMENT

Date: 15 May 2023

Parties: (1) Shaanxi Jinfangyuan Industrial Development Co., Ltd.# (陝西金方圓實業開發有限公司) as lessor

(2) Xianyang Century Ginwa Dingshang Trade and Commerce Company Limited# (咸陽世紀金花鼎尚商貿有限公司) as lessee

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The Premises to be leased: Partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities of Jinfangyuan Plaza, No. 29 Renmin West Road, Xianyang, Shaanxi, the PRC.

The actual gross floor area with title deed of the Premises is 48,582.47 m², and the area of part of the outer facade, outer square and the ancillary facilities are based on the area divided by the interface as confirmed in writing by both Parties. The gross floor area agreed by the Parties for calculating the rental (area for calculating the rental) was 48,582.47 m² in accordance with the Lease Agreement. If, upon delivery, Xianyang Century Ginwa discovers that the actual use area of the Premises delivered by the Lessor has more than 5% difference from the total use area as agreed above, Xianyang Century Ginwa may decide either: (1) to continue to perform the Lease Agreement, but make an adjustment to the rent in the same proportion or as deemed appropriate by both Parties; or (2) to terminate the Lease Agreement. If Xianyang Century Ginwa decides to terminate the Lease Agreement, the Lessor shall immediately refund the rent, property fees, deposit and all fees paid but not actually incurred by Xianyang Century Ginwa, and shall be liable for breach of contract as agreed upon in other terms of the Lease Agreement.

LETTER FROM THE BOARD

Lease term and
rent-free periods:

Pursuant to the Lease Agreement, the lease term shall be 15 years and 9 months from the date of the initial delivery of the Premises from the Lessor to Xianyang Century Ginwa (no later than 1 June 2023) and the initial written delivery documents being signed by the Parties upon the acceptance of the Premises as qualified by Xianyang Century Ginwa (the “**Lease Term**”). The first five months of the Lease Term is the first rent-free period (“**First Rent-free Period**”), while the four-month period commencing from the date when the prepayments for rent and property fees made by Xianyang Century Ginwa are fully offset is the second rent-free period (together with the First Rent-free Period, the “**Rent-free Periods**”).

In the event that the Lessor delays the delivery of the Premises, the Lease Term and Rent-free Periods will be extended accordingly. As of the Latest Practicable Date, the Lessor has initially delivered the Premises to Xianyang Century Ginwa and as agreed above the initial delivery date (as the commencement of the Lease Term) shall be the date of initial written delivery documents being signed by the Parties upon the acceptance of the Premises as qualified by Xianyang Century Ginwa, which is expected to occur by the end of June 2023, subject to the actual progress of inspection and acceptance by Xianyang Century Ginwa.

Rental fee:

Xianyang Century Ginwa will not be required to pay the rent or property fees during the Rent-free Periods.

The property fees refer to the property management fees which is payable by Xianyang Century Ginwa to the property services company designated by the Lessor for the property management services during the Lease Term.

LETTER FROM THE BOARD

The total rental and property fees during the Lease Term are approximately RMB459,468,710 (tax inclusive). The initial rental and property fee rates are RMB40.00 per square meter per month (i.e. approximately RMB23,319,586 per year) and RMB10.00 per square meter per month (i.e. approximately RMB5,829,896 per year), respectively. Every five years is a price unit, and the standard of the rental and property fee rates per price unit are increased by Five per cent (5%) on the basis of the previous price unit standard, and the initial price unit is five years and nine months (including the Rent-free Periods of nine months).

Xianyang Century Ginwa will be responsible for the payment of utilities (such as water and electricity fees and air conditioning fees) incurred in relation to the Premises during the Rent-free Periods and Lease Term.

Payment terms:

Within seven business days after the Lease Agreement becomes effective, Xianyang Century Ginwa shall pay the Lessor a performance bond of RMB5,000,000 (the “**Performance Bond**”) and the prepayments for rent and property fees of RMB20,000,000 (the “**Prepayments**”) by way of bank transfer, which shall be offset from the next day after the expiry of the First Rent-free Period. The nature of the Performance Bond is to secure the performance by Xianyang Century Ginwa of its obligations under the Lease Agreement. In the event that it fails to perform its obligations under the Lease Agreement, the Lessor has the right to deduct from the Performance Bond the expenses and losses incurred therefrom.

In the event that the Lease Term expires or the Lease Agreement is discharged or terminated and both Parties perform a repayment obligation, subject to the other terms of the Lease Agreement, the Performance Bond shall be refunded to Xianyang Century Ginwa within five business days.

LETTER FROM THE BOARD

During the Lease Term, rent and property fees are payable on a monthly basis (the “**Payment Term of Rent**”). Xianyang Century Ginwa shall pay the rent and property fees for the next Payment Term of Rent 10 days prior to the expiry of the current Payment Term of Rent.

If Xianyang Century Ginwa defaults on the payment of rent, property fees and utilities fees without any justifiable reason and fails to settle the overdue payment within 10 business days after receiving the written notice from the Lessor, Xianyang Century Ginwa shall pay a daily default penalty fee of 0.03% of the overdue amount.

Right of first refusal:

In the event that the Lessor intends to sell the Premises in whole or in part to any third party during the Lease Term or within sixty (60) days after the expiry or termination of the Lease Term, the Lessor shall notify Xianyang Century Ginwa of the proposed sale and Xianyang Century Ginwa shall have the priority to purchase such portion of the Premises and shall decide whether to purchase it within fifteen (15) days after receiving such notice, and shall be deemed to have waived the right of first refusal if no reply is made within such period.

Renewal or termination of
the Lease Agreement:

Both Parties shall agree six months before the expiry of the Lease Term on whether to renew the Lease Agreement. Prior to the expiry of the Lease Term, Xianyang Century Ginwa has the priority to lease the Premises under equal commercial conditions. During the valid term of the Lease Agreement, the Lessor agrees that Xianyang Century Ginwa would be given priority to the leasing of any property adjacent to the Premises on commercial terms equivalent to those of a third party.

The Lease Agreement may be terminated in certain circumstances and the non-breaching Party has the right to unilaterally terminate the Lease Agreement in advance and require the breaching Party to compensate for any loss incurred.

LETTER FROM THE BOARD

In the event of any of the following circumstances, the Lease Agreement shall terminate and neither Party shall be liable to each other:

- (1) The land use right of the land occupied by the Premises has been withdrawn in advance according to law.
- (2) The housing or the land within the surrounding red-line of the Premises is legally occupied or requisitioned by the government for the purpose of social public interests or urban construction, which makes it impossible for the Xianyang Century Ginwa to continue to use the Premises.
- (3) The Premises is damaged, defected or identified as a dangerous housing (unless either Party is responsible for the fault).

Effective date of the Lease Agreement:

The Lease Agreement shall be formed after being signed and sealed by the legal or authorised representative of both Parties, and shall become effective after the Lessor has obtained the full ownership right or sublease right of the Premises and the Company has fulfilled its relevant disclosure and approval obligations (including but not limited to approval at general meetings) under the relevant regulatory requirements of a listed company.

As of the Latest Practicable Date, the Lessor has not obtained the full ownership right or sublease right of the Premises and expects to obtain such relevant rights by the end of June 2023, subject to the actual progress of repurchase and sublease rights obtaining. The relevant gross floor area which are pending the Lessor to obtain the full ownership right or sublease right is 1,304.34 m². And the Lessor is not aware of any legal impediment thereof.

According to the PRC legal opinion of the Company's legal adviser, Tahota Law Firm* (泰和泰(西安)律師事務所), for the portion that the Lessor has not obtained the full ownership right or sublease right, if the Lessor negotiates with the individual owners and obtains the consent of subletting or restores the ownership of the units by cancelling the previous Sales Contract, there would be no legal impediment for the Lessor to exercise the right to rent out the said portion.

LETTER FROM THE BOARD

If the Lessor cannot obtain the full ownership right or sublease right of the Premises, Xianyang Century Ginwa may negotiate with the Lessor to reduce the rental fees, extend the Rent-free Periods accordingly or obtain other remedy.

In the event that Xianyang Century Ginwa decides to terminate, amend or renew the Lease Agreement in the future or exercise its right of first refusal as mentioned above, the Company shall comply with all applicable requirements under the Listing Rules.

The rental fee and its payment arrangement were determined after arm's length negotiations between the Parties with reference to (i) the prevailing market rent of the Premises, being RMB40.16 per square metre per month as at 31 March 2023 as valued by an independent professional valuer by using market comparison approach after considering comparable properties that are adjacent to the Premises; (ii) the leasable area, geographical location and surrounding conditions of the Premises; and (iii) the rental increment of 5% per five years, which is determined by taking into account the growth trend of the rental fee in the commercial property market in Xianyang City and Shaanxi Province. The Board has seen cases of other properties leasing activities in the Shaanxi and Xianyang market provided by an independent professional valuer, with agreed rent increase (a certain percentage increase every 2 to 5 years) during the lease terms. The terms would vary depending on the commercial negotiations between the lessor and the lessee. The general range of percentage of the rent increase is 5% to 8% (more or lesser% than the said range are also observed). The Board noted that the rental increment of 5% per five years falls within the abovementioned category. The rental fee is expected to be funded through the internal resources of the Group.

With reference to and taking into account the following factors, the Company believes that the Prepayments arrangement is in line with market practice for the lease of similar properties: (i) The market average prepayment in the lease of similar properties accounted for 3% to 34% of the total rent (inclusive of property fees, where applicable) during the lease term according to the market information collected and analysed by an independent professional valuer. Pursuant to the Lease Agreement, the Prepayments payable by Xianyang Century Ginwa accounts for approximately 4% of the total rental and property fees during the Lease Term, which falls within the abovementioned category; (ii) Commercial property is an asset-heavy investment, and the capital turnover of the lessor depends entirely on stable rental income. Therefore, the lessor generally supplements the lack of income during the transition period for replacement of the lessee and maintain capital turnover by way of prepayments; and (iii) The lease term of commercial property is usually long. In order to increase the cost of and reduce the risk of default by the lessee, the lessor usually requires a relatively high prepayment in the agreement with a long lease term.

LETTER FROM THE BOARD

3. INFORMATION ON THE PARTIES

The Lessor

The Lessor is a limited liability company established under the laws of the PRC which is principally engaged in the businesses of development and sale of real estate, property management and leasing of housing. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and having made all reasonable inquiries, the Lessor is owned as to approximately 50% by each of Shaanxi Zhonghao Industrial Co., Ltd.* (陝西中昊實業有限責任公司) and Shaanxi Fangyuan Industrial Group Co., Ltd.* (陝西方圓實業集團股份有限公司), and its ultimate beneficial owner is Zhang Jijun (張繼軍).

Xianyang Century Ginwa

Xianyang Century Ginwa was established under PRC laws with limited liability and is an indirect wholly-owned subsidiary of the Company. It principally engages in the operation of department stores.

4. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LEASE AGREEMENT

The Group principally engages in the operation of department stores, a shopping mall and supermarkets in the PRC. Jinfangyuan Plaza Shopping Center is located at a prime commercial location and the consumption capacity of its surrounding customers is relatively strong. The project is positioned as a high-end shopping center in the Xianyang market. With innovation of operation format and brand, it plans to form differentiated, characteristic advantages from other businesses, make breakthroughs in the homogeneous competition at established commercial markets, and increase the proportion of catering, leisure and entertainment on the basis of retail formats, as well as enrich the content of business formats, so as to meet the consumption needs of different customer groups, thus creating a commercial one-stop shopping and social hub in Xianyang. It is initially estimated that department stores and special business formats will account for 55% and 45%, respectively, including sports and leisure, clothes, beauty makeup and accessories, and various catering. The entering into of the Lease Agreement to operate the Premises as a new full-customer intelligent comprehensive shopping mall will be in line with the strategic plan of the Company and thus will provide a meaningful supplement to the Company's existing small-scale commercial projects which are under the traditional department store business model. It will benefit the Company's brand positioning in the Xianyang market and will be beneficial to the overall performance results of the Group.

As at the Latest Practicable Date, the Company currently has no intention and has not entered into any memorandum or agreement to acquire any new business or dispose of its existing business.

After considering the abovementioned factors, the Directors are of the view that the Lease Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Company, and the terms thereof (including the Prepayments arrangement) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

5. THE FINANCIAL IMPACT OF THE TRANSACTION CONTEMPLATED UNDER THE LEASE AGREEMENTS

The value of the right-of-use asset to be recognized by the Group under the Lease Agreement amounts to approximately RMB209,722,000 which is calculated with reference to the present value of the total rental fee payable under the Lease Agreement and lease payments made at or before the commencement date in accordance with HKFRS 16. Incremental borrowing rate of 6.81% (it represents the treasury rate plus the incremental interest rate during the same lease term, while the incremental interest rate is the difference between the borrowing rate of the Group and the treasury rate for the same period) is applied to compute the present value of total rental fee payable under the Lease Agreement. Upon commencement of the lease term under the Lease Agreement, the consolidated total assets of the Group will increase by approximately RMB187,579,000 (being the value of the right-of-use asset of approximately RMB209,722,000 less Prepaid Rentals before value-added tax of approximately RMB18,868,000 and less the difference between nominal value and present value of Performance Bond of approximately RMB3,275,000), and a corresponding amount of lease liabilities of approximately RMB187,579,000 will be recognized at the same time. The Group expects the transaction contemplated under the Lease Agreement will increase the annual depreciation charges of right-of-use assets by approximately RMB13,316,000 and finance costs in relation to the lease liability by approximately RMB13,059,000 in the first year of the Lease Agreement.

6. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Lease Agreement by Xianyang Century Ginwa as lessee will require the Group to recognize right-of-use asset in relation to the Premise on its consolidated statement of financial position. Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset to be recognized by the Group under the Lease Agreement amounts to approximately RMB209,722,000.

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of right-of-use asset to be recognized by the Group under the Lease Agreement is more than 100%, the entering into of the Lease Agreement constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

7. GENERAL

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Lease Agreement. As such, no Shareholder nor his close associates would be required to abstain from voting at the SGM on the resolution to approve the same.

LETTER FROM THE BOARD

8. SGM

A notice of the SGM to be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Friday, 30 June 2023 at 11:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, an ordinary resolution will be proposed to consider and, if thought fit, to approve the Lease Agreement and the transactions contemplated thereunder.

A form of proxy for use in connection with the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event by not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting thereof) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

9. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In accordance with bye-law 66 of the amended and restated bye-laws of the Company, the chairman of the SGM will therefore demand a poll on the resolution to be proposed at the SGM.

10. RECOMMENDATION

The Directors consider that the terms of the Lease Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Lease Agreement and the transactions contemplated thereunder.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

On behalf of the Board
Century Ginwa Retail Holdings Limited
Yao Jiangang
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the year ended 31 March 2020, the nine months ended 31 December 2020, the year ended 31 December 2021 and the year ended 31 December 2022 were set out in the Company's respective annual reports, which are incorporated by reference into this circular. The said annual reports can be accessed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cgrh.com.hk).

The following is a quick link to the annual report of the Company published on 30 July 2020 with its audited consolidated financial statements for the year ended 31 March 2020 on pages 119 to 264:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073001154.pdf>

The following is a quick link to the annual report of the Company published on 29 April 2021 with its audited consolidated financial statements for the nine months ended 31 December 2020 on pages 133 to 268:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042901027.pdf>

The following is a quick link to the annual report of the Company published on 28 April 2022 with its audited consolidated financial statements for the year ended 31 December 2021 on pages 146 to 288:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800762.pdf>

The following is a quick link to the annual report of the Company published on 27 April 2023 with its audited consolidated financial statements for the year ended 31 December 2022 on pages 149 to 288:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700648_c.pdf

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2022, along with the e-commerce penetration and repeated outbreaks of pandemic, the severe external market environment has posed great challenges to the development of the commercial retail industry, which also affected consumer confidence to a certain extent. However, as the domestic epidemic prevention and control entered into a new stage in December 2022, the PRC government issued and promoted the *Outline of the Strategic Planning for Expanding Domestic Demand (2022-2035)* (《擴大內需戰略規劃綱要(2022-2035年)》) (the “**Outline**”), the gradual resumption of the real retail economy could be foreseen in 2023. The Outline proposes that “we will strive to comprehensively promote consumption, accelerate the upgrading of consumption quality, conform to the trend of consumption upgrade, improve traditional consumption, cultivate new consumption, expand service consumption, and appropriately increase public consumption, with focus on meeting personalised, diversified and high-quality consumption demands”. We will work to “improve the quality of basic consumption such as food and clothing, promote the increase in the supply of high-quality basic consumer goods and facilitate the healthy development of the catering industry, to better meet the consumer demand for high-end consumer goods. Efforts will be made to advance the strengthening of national brands in line with international standards, fully connect with domestic consumer demand, and increase domestic supply of mid-to-high-end consumer goods, as well as cultivate and build an international consumption center city, to create a number of regional consumption centers.” Xi’an is the ninth national central city and has the potential to build an international consumption center city. The Company has been devoting itself for many years in the high-end consumer goods retail market, and the industry where it operates is in line with the industry category encouraged by the Outline. Since 2023, the prevention and control of the COVID-19 pandemic has entered a new stage, which is expected to no longer have a significant impact on the offline retail industry. In the first quarter of 2023, the total retail sales of consumer goods of Xi’an reached RMB126.002 billion, representing a year-on-year increase of 10.1%; the retail sales of consumer goods above designated size increased by 10.8% year-on-year; and income from foods recorded a year-on-year increase of 56.2%. From the perspective of the overall economic environment, the retail industry is gradually recovering.

In the first quarter of 2023, the Company accommodated itself to the changes in consumers featuring “new segments, new needs, new habits and new expectations”, returned to the business nature of “creating customer value and leading a better life”, and focused on the strategic positioning of “building a new business chain featured by business operation + asset management”. Thanks to these efforts, certain results had been achieved in the restoration of market confidence, innovation of business model, upgrade of organizational efficiency, and innovation-driven iteration.

As the Company's important strategic layout for the north area of Xi'an city, the Daming Palace project will focus on the positioning of an innovative urban complex that integrates diversified retail forms including cultural and creative business, brand flagship stores and life-themed pavilions, to create comprehensive entertainment experience featuring immersive and deeply interactive, thus building a shared art space for shopping and leisure, social communication and parent-child fun. The transaction in relation to the lease of the Daming Palace Shopping Mall was approved by the general meeting in July 2022, however, the property has not been delivered as of the date hereof as the status of the property has not yet met the delivery standards as agreed in the contract. In light of this, the Company is negotiating with the owner to obtain a longer rent-free period. The delay in delivery did not actually affect the advancement of the Company's related work, and had no material adverse impact on the business of the Company. The completion for delivery and the overall construction renovation and brand introduction for the project is expected to take place in 2023, and it will officially open in 2024. Meanwhile, in an effort to consolidate the leading advantages in the mid-to-high-end retail market in Xianyang city, the Company will conduct adequate market research and analysis of location advantages in Xianyang city, tap the potential of market segments, and seek new commercial investment projects, so as to further increase its market share in Xianyang city.

The supermarket business will continue to deepen its presences in Xi'an city and Xianyang city, improve efforts in upgrading existing business, and explore high-quality supply chains with selected categories as the focus, thus enhancing its core competitiveness; meanwhile, the supermarket business will actively expand to B business within three kilometers around stores to increase the sales volume. In Xi'an city, community fresh convenience stores will be expanded in an established business model, and operating profits will be released through economies of scale and strong supply chain management. While achieving significant growth in scale, it will also bring more possibilities for diversifying financing channels.

The Company will further utilise digital management tools to improve its operational efficiency, and carry out in-depth business cooperation with Texhong Group, a leading digital operation enterprise in the industry. It will also make accurate profiles of consumers, realise digital shopping guide, digital products and digital services, and continue to optimise the distribution incentive system.

Focusing on an outstanding efficient organisation and guided by the striving spirit, the Company will continue to promote the building of learning and innovation capabilities, cultivate a learning culture and absorb innovative talents. Furthermore, it will strengthen the construction of corporate culture, and remain committed to the mission of creating an ideal community for a better life in the cities, and the vision of a trustworthy shared commercial service platform in the regional central cities. The Company adheres to the values of customer first, sincerity and good pursuance, so as to activate the deep-seated cultural dynamics of corporate development.

3. STATEMENT OF INDEBTEDNESS

**Statement of indebtedness of Century Ginwa Retail Holdings Limited
(the “Company”) and its subsidiaries (the “Group”) as at 30 April 2023**

	Balance as at 30 April 2023 <i>RMB'000</i>
Bank loans	
– Secured and guaranteed	793,000
– Unsecured and guaranteed	98,550
	891,550
	891,550
Loans from other financial institutions	
– Secured and guaranteed	560,000
– Unsecured and guaranteed	45,976
– Unsecured and unguaranteed	2,668,504
	3,274,480
	3,274,480
Lease liabilities	
– Unsecured and unguaranteed	179,730
	179,730
Promissory note	
– Secured and unguaranteed	218,031
	218,031
Total outstanding debts	4,563,791

Material contingent liabilities

At the close of business on 30 April 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group has issued the following material guarantees:

A guarantee provided by a subsidiary of the Company in respect of a payable for acquisition of a property by Ginwa Investments Holding Group Ltd. (“**Ginwa Investments**”), the then substantial shareholder of the Company, in August 2005. Ginwa Investments has ceased to be a substantial shareholder of the Company since June 2020. Ginwa Investments has defaulted repayment of the above payable. The Directors do not consider it is probable that a claim will be made against the Group under the guarantee. The maximum liability of the Group at 30 April 2023 under the guarantee issued is the outstanding amount of the liability of RMB9,500,000 plus accrued interest.

Saved as aforesaid and apart from intra-group liabilities and normal trade payable in the ordinary course of business, the Group did not, at the close of business on 30 April 2023, have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, term loans (whether guaranteed, unguaranteed, secured and unsecured), debts securities or any other similar indebtedness (whether guaranteed, unguaranteed, secured and unsecured) or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credit or any guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internally generated funds, existing facilities available to the Group and financial resources presently available to the Group, in particular, the financial support from Qujiang Cultural Financial Holdings (Group) Co., Ltd., an intermediate shareholder of the Company, the Group will have sufficient working capital to satisfy its requirements for at least twelve months from the date of this circular in the absence of any unforeseeable circumstances. The Company has obtained the relevant confirmation required under Rule 14.66(12) of the Listing Rules.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Group for the nine months ended 31 December 2020, the year ended 31 December 2021 and the year ended 31 December 2022 extracted from the Company's respective annual reports. Unless otherwise defined in this circular or the context otherwise requires, capitalised terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports of the Company.

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

Financial Results

During the period under review, the performance of the Group was illustrated as follows.

- (i) Gross revenue of the Group for the nine months ended 31 December 2020 decreased to RMB1,282.0 million as compared to RMB1,812.7 million for the year ended 31 March 2020. The decline was primarily due to a drop in concession sales and sales of goods.

- (ii) Annualised area efficiency (annualised gross revenue per average operating area of department stores) for the nine months ended 31 December 2020 was RMB20,600 per square meter, as compared to RMB21,200 per square meter for the year ended 31 March 2020.
- (iii) Revenue of the Group for the nine months ended 31 December 2020 decreased to RMB397.0 million as compared to RMB642.0 million for the year ended 31 March 2020. The decline was due to a drop in concession sales and sales of goods.

**FOR THE NINE MONTHS ENDED
31 DECEMBER 2020**

	Department stores and shopping mall	Supermarkets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross revenue	223,973	173,048	397,021
Segment Results	(124,888)	1,107	(123,781)

- (iv) The gross rental income and management and administrative service fee income of the Group for the nine months ended 31 December 2020 were RMB77.6 million, as compared to RMB114.5 million for the year ended 31 March 2020.
- (v) The Group's loss from operations (EBIT) for nine months ended 31 December 2020 was RMB603.0 million as compared to loss of RMB1,169.3 million for the year ended 31 March 2020. The operating profit margin (loss from operations over gross revenue) changed from -64.5% to -47.0%.
- (vi) Net finance costs of the Group for the nine months ended 31 December 2020 were RMB115.8 million (year ended 31 March 2020: RMB118.5 million).
- (vii) The Group's loss for the nine months ended 31 December 2020 and loss attributable to shareholders of the Company were RMB665.2 million (year ended 31 March 2020: RMB1,312.6 million) and RMB635.1 million (year ended 31 March 2020: RMB1,279.1 million) respectively. The Group's loss for the nine months ended 31 December 2020 was mainly due to the impairment losses on goodwill and intangible assets of RMB365.9 million (year ended 31 March 2020: RMB470.6 million) and an increase in provisions for obligation from Cash Coupon Card (customers' prepaid cards within the Group's department stores, shopping mall and supermarkets) to be consumed of RMB194.5 million (year ended 31 March 2020: RMB94.0 million).

Liquidity and Financial Resources

As at 31 December 2020, the Group's consolidated net asset value was RMB2,038.0 million (31 March 2020: RMB2,708.7 million). As at 31 December 2020, the Group had cash at bank and on hand amounting to RMB393.6 million (31 March 2020: RMB500.8 million). The current ratio of the Group as at 31 December 2020 was 0.25 (31 March 2020: 0.27). The gearing ratio, being bank and other borrowings and lease liabilities less cash at bank and on hand divided by the total equity, as at 31 December 2020, was 1.38 (31 March 2020: 0.85).

Bank and Other Borrowings

Bank balances and cash of the Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits. The bank balances and cash of the Group were RMB393.6 million as at 31 December 2020 (31 March 2020: RMB500.8 million). The bank and other borrowings of the Group were RMB3,115.5 million (with fixed rate borrowings of RMB2,000.0 million) as at 31 December 2020 (31 March 2020: RMB2,707.4 million). The maturity profile of such borrowings is set out below:

	As at 31 December 2020	As at 31 March 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,766,455	1,465,886
After 1 year but within 2 years	465,000	707,000
After 2 years but within 5 years	704,000	315,517
After 5 years	180,000	219,000
	<u>3,115,455</u>	<u>2,707,403</u>

Material Acquisition and Disposal and Significant Investments

For the nine months ended 31 December 2020, the Company did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 December 2020, the Group did not hold any significant investments.

Charge on the Group's Assets

As at 31 December 2020, property, plant and equipment with an aggregate net book value of approximately RMB2,743,000,000 (31 March 2020: RMB2,857,700,000), investment property amounting to RMB1,265,300,000 (31 March 2020: RMB1,265,300,000) and cash at bank and on hand amounting to RMB282,900,000 (31 March 2020: RMB443,100,000) of the Group had been pledged to secure the Group's bank and other borrowings.

Material Plan for Investment or Capital Assets

The Group intends to expand its retail operations via opening of new branches. The source of funding will be primarily from the proceeds from bank and other borrowings.

Contingent Liabilities

A guarantee provided by Ginwa Bell Tower in respect of a payable for acquisition of a property by Ginwa Investments in August 2005. Ginwa Investments has defaulted repayment of the above payable. As at 31 December 2020, the directors of the Company did not consider it is probable that a claim would be made against the Group under the guarantee. The maximum liability of the Group as at 31 December 2020 under the guarantee issued was the outstanding amount of the liability of RMB9,500,000 (31 March 2020: RMB70,180,000) plus accrued interest.

Human Resources

As at 31 December 2020, the number of the Group's staffs was approximately 6,100 (31 March 2020: 6,500), including approximately 1,300 (31 March 2020: 1,500) directly employed full time employees, and the remaining being concession sales staffs managed on behalf of the suppliers. Most of the employees are employed in Mainland China. The directly employed employees' (including directors') remuneration, promotion and salary increments are assessed based on both the Group's performance and the professional and working experience of the individual as well as by reference to prevailing market practice and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staffs based on their performance and contribution to the Group. The Group regards high-calibre staffs as one of the key factors to corporate success. The staff cost of the Group for the nine months ended 31 December 2020 was RMB76.6 million.

Foreign Exchange Exposure

During the nine months ended 31 December 2020, the revenue generated and costs incurred from the Group's operation of department stores, shopping mall and supermarkets were in Renminbi. The Directors believe that the Group was not subject to any significant exposure to foreign exchange risk as most of the transactions, assets and liabilities of the Group were denominated in Renminbi.

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Results

During the period under review, the performance of the Group was illustrated as follows.

- (i) Gross revenue of the Group for the year ended 31 December 2021 was RMB1,316.4 million as compared to RMB1,282.0 million for the nine months ended 31 December 2020.
- (ii) Annualised area efficiency (annualised gross revenue per average operating area of department stores) for the year ended 31 December 2021 was RMB21,800 per square meter, as compared to RMB20,600 per square meter for the nine months ended 31 December 2020.
- (iii) (iii) Revenue of the Group for the year ended 31 December 2021 was RMB494.3 million as compared to RMB397.0 million for the nine months ended 31 December 2020.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Department stores and shopping mall	Supermarkets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross revenue	250,237	244,043	494,280
Segment Results	27,387	12,736	40,123

- (iv) The gross rental income and management and administrative service fee income of the Group for the year ended 31 December 2021 were RMB110.0 million, as compared to RMB77.6 million for the nine months ended 31 December 2020.
- (v) The Group's loss from operations (EBIT) for the year ended 31 December 2021 was RMB189.1 million as compared to loss of RMB603.0 million for the nine months ended 31 December 2020. The operating profit margin (loss from operations over gross revenue) changed from -47.0% to -14.4%.
- (vi) Net finance costs of the Group for the year ended 31 December 2021 were RMB169.8 million (nine months ended 31 December 2020: RMB115.8 million).

- (vii) The Group's loss for the year ended 31 December 2021 and loss attributable to shareholders of the Company were RMB381.4 million (nine months ended 31 December 2020: RMB665.2 million) and RMB368.0 million (nine months ended 31 December 2020: RMB635.1 million) respectively. The Group's loss for the year ended 31 December 2021 decreased significantly, which was mainly due to the impairment losses on goodwill and intangible assets decreased to RMB72.0 million (nine months ended 31 December 2020: RMB365.9 million) and the non-recurrent of provisions for obligation from Cash Coupon Card (customers' prepaid cards within the Group's department stores, shopping mall and supermarkets) to be consumed (nine months ended 31 December 2020: RMB194.5 million).

Liquidity and Financial Resources

As at 31 December 2021, the Group's consolidated net asset value was RMB1,808.3 million (31 December 2020: RMB2,038.0 million). As at 31 December 2021, the Group had cash at bank and on hand amounting to RMB36.5 million (31 December 2020: RMB393.6 million). The current ratio of the Group as at 31 December 2021 was 0.05 (31 December 2020: 0.25). The gearing ratio, being bank and other borrowings and lease liabilities less cash at bank and on hand divided by the total equity, as at 31 December 2021, was 2.13 (31 December 2020: 1.38).

Bank and Other Borrowings

Bank balances and cash of the Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits. The bank balances and cash of the Group were RMB36.5 million as at 31 December 2021 (31 December 2020: RMB393.6 million). The bank and other borrowings of the Group were RMB3,611.1 million (with fixed rate borrowings of RMB2,711.1 million) as at 31 December 2021 (31 December 2020: RMB3,115.5million). The maturity profile of such borrowings is set out below:

	As at 31 December 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Within 1 year	2,151,486	1,766,455
After 1 year but within 2 years	844,000	465,000
After 2 years but within 5 years	511,576	704,000
After 5 years	104,000	180,000
	3,611,062	3,115,455

Contingent Liabilities

As at 31 December 2021, the Group has issued the following guarantees:

A guarantee provided by Ginwa Bell Tower in respect of a payable for acquisition of a property by Ginwa Investments in August 2005. Ginwa Investments has defaulted repayment on the above payable.

As at 31 December 2021, the directors of the Company did not consider it was probable that a claim would be made against the Group under the guarantee. The maximum liability of the Group at 31 December 2021 under the guarantee issued was the outstanding amount of the liability of RMB9,500,000 (31 December 2020: RMB9,500,000) plus accrued interest.

Charge on the Group's Assets

As at 31 December 2021, property and equipment with an aggregate net book value of approximately RMB2,844.0 million (31 December 2020: RMB2,743.0 million), investment property amounting to RMB1,265.3 million (31 December 2020: RMB1,265.3 million) and cash at bank and on hand amounting to RMB1.0 million (31 December 2020: RMB282.9 million) of the Group had been pledged to secure the Group's bank and other borrowings.

Material Acquisition and Disposal and Significant Investments

For the year ended 31 December 2021, the Company did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 December 2021, the Group did not hold any significant investments.

Material Plan for Investment or Capital Assets

The Group intended to expand its retail operations via opening of new branches. The source of funding would be primarily from the proceeds from bank and other borrowings.

Human Resources

As at 31 December 2021, the number of the Group's staffs was approximately 2,500 (31 December 2020: 6,100), including approximately 1,050 (31 December 2020: 1,300) directly employed full time employees, and the remaining being concession sales staffs managed on behalf of the suppliers. Most of the employees are employed in Mainland China. The directly employed employees' remuneration, promotion and salary increments are assessed based on both the Group's performance and the professional and working experience of the individual as well as by reference to prevailing market practice and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staffs based on their performance and contribution to the Group. The Group regards high-calibre staffs as one of the key factors to corporate success. The staff cost of the Group for the year ended 31 December 2021 was RMB113.5 million.

Foreign Exchange Exposure

During the year ended 31 December 2021, the revenue generated and costs incurred from the Group's operation of department stores, shopping mall and supermarkets were in Renminbi. The Directors believe that the Group was not subject to any significant exposure to foreign exchange risk as most of the transactions, assets and liabilities of the Group were denominated in Renminbi.

FOR THE YEAR ENDED 31 DECEMBER 2022**Financial Results**

During the period under review, the performance of the Group was illustrated as follows.

- (i) Gross revenue of the Group for the year ended 31 December 2022 was RMB847.8 million as compared to RMB1,316.4 million for the year ended 31 December 2021.
- (ii) Annualised area efficiency (annualised gross revenue per average operating area of department stores) for the year ended 31 December 2022 was RMB12,400 per square meter, as compared to RMB21,800 per square meter for the year ended 31 December 2021.
- (iii) Revenue of the Group for the year ended 31 December 2022 was RMB376.1 million as compared to RMB494.3 million for the year ended 31 December 2021.

FOR THE YEAR ENDED 31 DECEMBER 2022

	Department stores and shopping mall	Supermarkets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross revenue	158,611	217,459	376,070
Segment Results	(16,313)	(2,186)	(18,499)

- (iv) The gross rental income and management and administrative service fee income of the Group for the year ended 31 December 2022 were RMB68.6 million, as compared to RMB110.0 million for the year ended 31 December 2021.

- (v) The Group's loss from operations (EBIT) for the year ended 31 December 2022 was RMB211.6 million as compared to loss of RMB189.1 million for the year ended 31 December 2021. The operating profit margin (loss from operations over gross revenue) changed from -14.4% to -25.0%.
- (vi) Net finance costs of the Group for the year ended 31 December 2022 were RMB204.1 million (2021: RMB169.8 million).
- (vii) The Group's loss for the year ended 31 December 2022 and loss attributable to shareholders of the Company were RMB378.9 million (2021: RMB381.4 million) and RMB361.7 million (2021: RMB368.0 million) respectively.

Liquidity and Financial Resources

As at 31 December 2022, the Group's consolidated net asset value was RMB1,507.0 million (31 December 2021: RMB1,808.3 million). As at 31 December 2022, the Group had cash at bank and on hand amounting to RMB19.5 million (31 December 2021: RMB36.5 million). The current ratio of the Group as at 31 December 2022 was 0.04 (31 December 2021: 0.05). The gearing ratio, being bank and other borrowings and lease liabilities less cash at bank and on hand divided by the total equity, as at 31 December 2022, was 2.81 (31 December 2021: 2.13).

Bank and Other Borrowings

Bank balances and cash of the Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits. The bank balances and cash of the Group were RMB19.5 million as at 31 December 2022 (31 December 2021: RMB36.5 million). The bank and other borrowings of the Group were RMB4,068.6 million (with fixed rate borrowings of RMB3,388.6 million) as at 31 December 2022 (31 December 2021: RMB3,611.1 million). The maturity profile of such borrowings is set out below:

	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Within 1 year	3,290,748	2,151,486
After 1 year but within 2 years	310,876	844,000
After 2 years but within 5 years	422,981	511,576
After 5 years	44,000	104,000
	4,068,605	3,611,062

Contingent Liabilities

As at 31 December 2022, the Group has issued the following guarantees:

A guarantee provided by Ginwa Bell Tower in respect of a payable for acquisition of a property by Ginwa Investments in August 2005. Ginwa Investments has defaulted repayment on the payable.

As at 31 December 2022, the directors of the Company did not consider it is probable that a claim will be made against the Group under the guarantee. The maximum liability of the Group at the year end of the reporting period under the guarantee issued is the outstanding liability of RMB9,500,000 (31 December 2021: RMB9,500,000) plus accrued interest.

Charge on the Group's Assets

As at 31 December 2022, property and equipment with an aggregate net book value of approximately RMB3,734 million (31 December 2021: RMB2,844.0 million), investment property amounting to RMB728.8 million (31 December 2021: RMB1,265.3 million) and cash at bank and on hand amounting to RMB2.7 million (31 December 2021: RMB1.0 million) of the Group had been pledged to secure the Group's bank and other borrowings. On 13 February 2023, the Group has pledged 12,980,000 A Shares of Ginwa Enterprise (Group) Inc. held by the Group. The proceeds from the pledge were used for the purpose of working capital turnover. The pledge started on 13 February 2023 and will be expired on 9 August 2023.

Material Acquisition and Disposal and Significant Investments

For the year ended 31 December 2022, the Company did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 December 2022, the Group did not hold any significant investments.

Material Plan for Investment or Capital Assets

The Group intends to expand its retail operations via opening of new branches. The source of funding will be primarily from the proceeds from bank and other borrowings.

Human Resources

As at 31 December 2022, the number of the Group's staffs was approximately 2,000 (31 December 2021: 2,500), including approximately 1,000 (31 December 2021: 1,050) directly employed full time employees, and the remaining being concession sales staffs managed on behalf of the suppliers. Most of the employees are employed in Mainland China. The directly employed employees' remuneration, promotion and salary increments are assessed based on both the Group's performance and the professional and working experience of the individual as well as by reference to prevailing market practice and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staffs based on their performance and contribution to the Group. The Group regards high-calibre staffs as one of the key factors to corporate success. The staff cost of the Group for the year ended 31 December 2022 is RMB98.9 million.

Foreign Exchange Exposure

During the year ended 31 December 2022, the revenue generated and costs incurred from the Group's operation of department stores, shopping mall and supermarkets were in Renminbi. The Directors believe that the Group was not subject to any significant exposure to foreign exchange risk as most of the transactions, assets and liabilities of the Group were denominated in Renminbi.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the rental value of the Premises, to be leased by the Group, as at 31 March 2023.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

15 June 2023

The Directors
Century Ginwa Retail Holdings Limited
Unit 301, 3/F
OfficePlus@Wan Chai
303 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

Re: Partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities located at Jinfangyuan Plaza, 29 Renmin West Road, Qindu District, Xianyang, Shaanxi Province, the PRC
(位於中華人民共和國陝西省咸陽市秦都區人民西路29號金方圓廣場1號樓地下負一層至地上五層部分租賃房屋、部分外立面、外廣場及配套設施) (the “Premises”)

Instructions, Purpose & Valuation Date

In accordance with the instructions of Century Ginwa Retail Holdings Limited (the “Company”) for us to provide our opinion of the market rent of the Premises to be leased by the Company or its subsidiary (collectively the “Group”) in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation report), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the Premises as of 31 March 2023 (the “Valuation Date”).

Valuation Basis

Our valuation of the Premises represent the market rent which in accordance with HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

Valuation Assumption

Our valuation of the Premises excludes an estimated rent inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation has been made on the assumption that the lessor leases or lets the Premises on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the Premises.

With reference to the PRC legal opinion of the Company’s legal adviser, Tahota Law Firm* (泰和泰(西安)律師事務所), we have prepared our valuation, unless otherwise stated, on the basis that transferable land use rights in respect of the Premises for specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, dated 5 June 2023 and 9 June 2023, regarding the titles to the Premises and the interest of the owners in the Premises. We have prepared our valuation on the basis that the owners have enforceable titles to the Premises and have free and uninterrupted rights to use, occupy or lease the Premises for the whole of the unexpired term as granted.

Unless otherwise stated, our valuation of the Premises is on a 100% interest basis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Premises nor for any expenses or taxation which may be incurred in effecting a lease.

Unless otherwise stated, it is assumed that the Premises are free from encumbrances, restrictions and onerous nature which could affect the market rent.

Method of Valuation

In valuing the Premises, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidence of similar properties to compare with the Premises under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the Premises and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the Premises.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Premises, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with the copies of title documents relating to the Premises in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Premises in the PRC and we have therefore relied on the advice given by the Company regarding the interest of the Group in the Premises the PRC.

In valuing the Premises, we have assumed that the owners of the Premises have an enforceable title to the Premises and have free and uninterrupted rights to use, occupy, assign or lease the Premises for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copy of relevant documents provided by the Company are true and accurate.

Site Inspection

Ms. Karlie Sui, with 2 years of experience in property valuation in the PRC, of our XI'AN office inspected the exterior and, wherever possible, the interior of the Premises on 18 April 2023. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Premises are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Premises and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Premises or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MHKIS, MRICS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Premises to be leased by the Group in the PRC

Premises	Description and tenure	Particulars of occupancy	Market Rent in existing state as at 31 March 2023
Partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities located at Jinfangyuan Plaza, 29 Renmin West Road, Qindu District, Xianyang, Shaanxi Province, the PRC (位於中華人民共和國陝西省咸陽市秦都區人民西路29號金方圓廣場1號樓地下負一層至地上五層部分租賃房屋、部分外立面、外廣場及配套設施)	Jinfangyuan Plaza 金方圓廣場 is a composite commercial, office, residential development completed in about 2018. The Premises comprise partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities located at Jinfangyuan Plaza. The Premises have a total leasable gross floor area of 48,582.47 sq m with details as follows:	As at the Valuation Date, the Premises were vacant, and the public area was decorated while the rest was bare shell finished.	RMB1,950,000 (RENMINBI ONE MILLION NINE HUNDRED FIFTY THOUSAND per month, inclusive of VAT (see Note 1))
		Leasable Gross Floor Area	
	Floor	(sq m)	
	L5	8,710.51	
	L4	8,524.88	
	L3	8,312.16	
	L2	8,326.43	
	L1	6,644.38	
	B1	8,064.11	
	Total	48,582.47	

Please see the notes on the following pages.

Premises	Description and tenure	Particulars of occupancy	Market Rent in existing state as at 31 March 2023
	<p>The Premises are located at north of Remin West Road near the west of the junction with Qinhuang North Road, Qindu District, Xianyang City. Developments nearby are mainly commercial, office, hotel and residential developments.</p> <p>The land use rights of the Premises have been granted for a term commenced on 1 December 2013 and were due to expire on 1 December 2053 for commercial service use.</p>		

Notes:

- (1) The rental valuation is conducted on the basis planned by the Company (except the rental amount) that the Premises are available for letting on the Valuation Date for a term of 15 years 9 months with tenancy details as below:

The Premises:	Partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities of Jinfangyuan Plaza, 29 Renmin West Road, Qindu District, Xianyang, Shaanxi Province, the PRC (中華人民共和國陝西省咸陽市秦都區人民西路29號金方圓廣場1號樓地下負一層至地上五層部分租賃房屋、部分外立面、外廣場及配套設施)
Leasable Gross Floor Area	48,582.47 sq m
Lease Term:	15 years 9 months from the date of the initial delivery of the Premises (no later than 1 June 2023) and the initial written delivery documents being signed by the parties upon the acceptance of the Premises as qualified by the lessee
Rent Free Period:	9 months
Monthly Rent for 1st Year:	RMB1,950,000, inclusive of value-added tax (“VAT”)

Period	Monthly Rent		Remarks
	Payable inclusive of VAT (RMB)	Rental increase on the 6 th and 11 th Periods	
21 months for 1 st Period; (12 months for 2 nd to 15 th Periods thereafter)	1,950,000	–	Rent free 9 months (1 st to 5 th months and 14 th to 17 th months)
2 nd	1,950,000	–	
3 rd	1,950,000	–	
4 th	1,950,000	–	
5 th	1,950,000	–	
6 th	2,047,500	5%	
7 th	2,047,500	–	
8 th	2,047,500	–	
9 th	2,047,500	–	
10 th	2,047,500	–	
11 th	2,149,875	5%	
12 th	2,149,875	–	
13 th	2,149,875	–	
14 th	2,149,875	–	
15 th	2,149,875	–	

- (2) According to 445 Real Estate Title Certificates, the building ownership of the Premises, with a total leasable gross floor area of 47,528.04 sq m, is vested in Shaanxi Jinfangyuan Industrial Development Co., Ltd.* (陝西金方圓實業開發有限公司) (“Lessor”). The land use rights of the Premises, with a site area of 17,612.30 sq m, have been granted to the Lessor for a term commencing on 1 December 2013 and were due to expire on 1 December 2053 for commercial service use.
- (3) As advised by Company, most parts of the Premises are held by the Lessor. Certain small parts of the Premises, with a total leasable gross floor area of 1,304.43 sq m on B1, have previously been sold to individual third party purchasers; the Lessor has to repurchase or obtain the rights to use/sublease the said sold parts. The Lessor will combine and then hand over the Premises to the lessee. As of the Latest Practicable Date as defined in the Company’s circular, the Lessor has not obtained the full ownership right or sublease right of the Premises but expects to obtain such relevant rights by the end of June 2023, subject to the actual progress of repurchase and sublease rights obtaining. The Lessor is not aware of any legal impediment thereof.

The leasable gross floor area for calculating the rental 計租面積 of the Premises is as below:

Portion held by the Lessor	Gross Floor Area for calculating the rental 計租面積		Remarks
	sq m		
With Real Estate Title Certificates	47,528.04		Note 2 above.
Agreed to repurchase or obtain the rights to use or sublease	1,304.43		Note 3 above.
Less public apportionment area	250.00		–
Total	48,582.47		

- (4) We have adopted Market Comparison Method and searched relevant rental comparables in nearby development. Comparable premises are selected based on the following criteria: (i) the rent of comparable properties took place in 2023; (ii) comparable properties located in Xianyang City; (iii) the nature of the comparable properties is similar to the Premises (i.e. being properties for commercial purposes). The rental comparables selected by us are considered exhaustive.

We have identified three relevant rental comparables on Level 1; the unit rents of these comparable properties range from about RMB103 per sq m per month to RMB113 per sq m per month on Level 1. Traditionally, Level 1 achieved unit rents are usually higher than those on the basement and upper levels of a commercial building. Based on our adjusted Level 1 unit rent, floor level discounts with downwards adjustments (the higher the level, more downwards adjustment based on Level 1) are then applied to arrive at market rent for each level of the basement and upper levels of the Premises.

The floor level adjustments made to arrive at our valuation are as below:

Factor	Adjustment
Floor Level	-40% to -60% based on Level 1

Floor	Leasable Gross Floor Area (sq m)	Market Unit Rent	Floor Adjustment (Based on L1 Unit Rent)
		(RMB per sq m per month)	
L5	8,710.51	40.47	40%
L4	8,524.88	45.52	45%
L3	8,312.16	50.58	50%
L2	8,326.43	60.70	60%
L1	6,644.38	101.16	100%
B1	8,064.11	55.64	55%
		57.37	
		(Overall average of whole building)	
Total	48,582.47	57.37	

The overall average rent of the sum of each level is the concluded average market rent of the whole Premises. Having considered the size of the Premises much larger than the rent comparables, we have applied a further discount of 30% to the overall average RMB57.37 per sq m per month. Our concluded market rent of the Premises is about RMB40.16 per sq m per month.

In arriving at the key assumptions, appropriate analysis and adjustments are considered to allow for the differences in several aspects including but not limited to time, location and physical characteristics between the Premises and the comparable properties. The general basis of adjustment is that if the Premises are better than the comparable properties, an upward adjustment is made. Alternatively, if the Premises are inferior to or less desirable than the comparable properties, a downward adjustment is made.

Based on our analyses of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the adjusted Premises to be fair and reasonable.

- (5) Subject to the specific lease structures and mutual negotiations between individual lessors and lessees, rental review of retail leases in Shaanxi and Xianyang market may generally agree to increase for every 2 to 5 years ranging from 5% to 8% per period.
- (6) Pursuant to the Company's planned tenancy structure, for reference purpose, the market rent of the Premises, with an aggregate leasable gross floor area of 48,582.47 sq m can be reasonably interpreted to comprise as follows:

Period	Monthly Rent inclusive of VAT (RMB)			Rental increase on the 6 th and 11 th Periods
	(A)	(B)	(A) – (B)	
	The Premises as a whole (48,582.47 sq m)	The portions of the Premises to be leased from third party owners (1,304.34 sq m)	The Remainder of the Premises (47,278.04 sq m)	
21 months for 1st Period; (12 months for 2nd to 15 th Periods thereafter)	1,950,000	51,000	1,899,000	–
2 nd	1,950,000	51,000	1,899,000	–
3 rd	1,950,000	51,000	1,899,000	–
4 th	1,950,000	51,000	1,899,000	–
5 th	1,950,000	51,000	1,899,000	–
6 th	2,047,500	53,550	1,993,950	5%
7 th	2,047,500	53,550	1,993,950	–
8 th	2,047,500	53,550	1,993,950	–
9 th	2,047,500	53,550	1,993,950	–
10 th	2,047,500	53,550	1,993,950	–
11 th	2,149,875	56,200	2,093,675	5%
12 th	2,149,875	56,200	2,093,675	–
13 th	2,149,875	56,200	2,093,675	–
14 th	2,149,875	56,200	2,093,675	–
15 th	2,149,875	56,200	2,093,675	–

- (7) According to the Legal Opinion prepared by the Company's PRC Legal adviser:
- (a) The Premises constructed by the Lessor passed the completion examination in 2018;
 - (b) The Lessor signed a mortgage contract with Chang'an Bank Co., Ltd. Xianyang Branch in 2019 and made the Premises as a pledge for mortgage guarantee;
 - (c) Chang'an Bank Co., Ltd. Xianyang Branch has issued a consent letter to agree in principle that the Lessor could lease the Premises to the lessee;
 - (d) The Real Estate Certificates issued by the Xianyang Municipal People's Government to the Lessor are authentic, legal and valid;
 - (e) The list of 445 units for lease, containing 445 Real Estate Title Certificates issued to the Lessor with total gross floor area of 47,528.04 sq m, recognized by the Xianyang Real Estate Registration Centre Filing Enquiry, is authentic, legal and valid; and
 - (f) For the portions that the Lessor has not obtained full ownership or sublease right: The Lessor can try to obtain sublease consent from the third party individual owners. The Lessor can also try to cancel the previous sales contract signed with the third party individual owners, restore the status of the rights of the sold units to unsold status. If the Lessor negotiates with the third party individual owners and obtains the consent of subletting or restores the ownership of the units through the above means, there would be no legal impediment for the Lessor to exercise the right to rent out the said portions.

1. RESPONSIBILITY STATEMENT

This circular contains information relating to the Company provided in compliance with the Listing Rules. The Directors, collectively and severally, take full responsibility for this circular. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive was taken or deemed to have under such provisions of the SFO); entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Nature of interest	Number of issued Shares held	Approximate percentage of the issued Share capital of the Company
Ms. Wan Qing	Interests of spouse	123,500 <i>(Note 1)</i>	0.01%

Note:

- (1) Mr. Ge Xin, the spouse of Ms. Wan Qing, was beneficially interested in 123,500 Shares. Therefore, Ms. Wan Qing was deemed to be interested in 123,500 Shares in the Company under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, save as disclosed below, no other Director was a director or an employee of a company which had, or was deemed to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Title	Company in which the Director was a director or employee as at the Latest Practicable Date
Mr. Huang Zhihua	Member of the Party Committee and Chief Investment Officer	Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd.
Mr. Chen Shuai	Managing director	Hony Capital

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

(i) Long positions/short positions in the Shares

Name of Shareholder	Long positions/ short positions	Nature of interests	Number of issued Shares held	Approximate percentage of the issued Share capital of the Company
Qujiang Cultural Financial International Investment Limited	Long positions	Corporate interests	336,166,156 ^(Note 1)	29.24%
Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd.	Long positions	Interest in a controlled corporation	336,166,156 ^(Note 1)	29.24%
Xi'an Qujiang New District Management Committee	Long positions	Interest in a controlled corporation	336,166,156 ^(Note 1)	29.24%
Glory Keen Holdings Limited ("Glory Keen")	Long positions	Corporate interests	322,727,272 ^(Note 2)	28.07%
Hony Capital Fund 2008, L.P.	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%
Hony Capital Fund 2008 GP, L.P.	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%
Hony Capital Fund 2008 GP Limited	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%
Hony Group Management Limited	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%
Hony Managing Partners Limited	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%
Exponential Fortune Group Limited	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%
Mr. Zhao John Huan	Long positions	Interest in a controlled corporation	322,727,272 ^(Note 2)	28.07%

Notes:

- (1) Qujiang Cultural Financial International Investment Limited held 336,166,156 Shares. Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd. holds the entire issued share capital of Qujiang Cultural Financial International Investment Limited. Each of Xi'an Qujiang New District Management Committee and Xi'an Qujiang Cultural Holding Company Limited beneficially owns 80.05% and 19.95% equity interest in Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd., respectively. Xi'an Qujiang New District Management Committee owns 99.9% equity interest in Xi'an Qujiang Cultural Holding Company Limited. As such, Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd. and Xi'an Qujiang New District Management Committee were deemed to be interested in 336,166,156 Shares by virtue of its shareholding in Qujiang Cultural Financial International Investment Limited.

- (2) The long position of 322,727,272 Shares represents the 322,727,272 Shares held by Glory Keen. Hony Capital Fund 2008, L.P. holds the entire issued share capital of Glory Keen. Hony Capital Fund 2008 GP, L.P. is the sole general partner of Hony Capital Fund 2008, L.P.. Hony Capital Fund 2008 GP Limited, a wholly-owned subsidiary of Hony Group Management Limited, is the sole general partner of Hony Capital Fund 2008 GP, L.P.. Hony Managing Partners Limited owns 80% equity interest in Hony Group Management Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited. Mr. Zhao John Huan held 49% of the issued share capital of Exponential Fortune Group Limited. Each of the above-mentioned parties is therefore deemed to be interested in the interest held by Glory Keen.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

5. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors (i) had any direct or indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; or (ii) were materially interested in any contract or arrangement subsisting and being significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

- (a) the second supplemental agreement dated 20 September 2021 entered into by and among Century Ginwa Company Limited* (世紀金花股份有限公司), a non-wholly owned subsidiary of the Company, Xi'an Shangya Business Management Company Limited* (西安尚雅商務管理有限公司), Xi'an Yigao Property Development Company Limited* (西安億高置業有限公司) (the "**Project Company**"), Shanghai Huade Investment Company Limited* (上海花德投資有限公司) and Ningbo Xingyi Industrial Investment Partnership (Limited Partnership)* (寧波行誼實業投資合夥企業(有限合夥)) to further amend certain terms of the agreement dated 4 December 2014 in relation to the development of the commercial part of the development known as "Xi'an Centre" being developed by the Project Company in the Xi'an Hi-tech Industries Development Zone of Xi'an, the PRC, and to be purchased by Century Ginwa Company Limited for an aggregate consideration of RMB1,651,112,750 upon completion;
- (b) the agreement dated 15 June 2022 entered into between the Company and Glory Keen pursuant to which the Company conditionally agreed to buy back from Glory Keen, and Glory Keen conditionally agreed to sell to the Company, the 1,177,068,181 non-voting and perpetual convertible preferred shares of the Company at the buy-back price of approximately HK\$0.21 per preferred share.
- (c) Xi'an Honghui Property Management Company Limited* (西安鴻輝物業管理有限公司) ("**Honghui Property**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase contract dated 20 June 2022 with the purchaser (a natural person and independent third party) for the disposal of the property located at No. 3, Unit 2, Building 6, Hongji Ziyun, East Side of Furongxilu, Qujiang New District, Xi'an, the PRC ("**Property 1**"), pursuant to which, Honghui Property agreed to sell Property 1 to the purchaser, and the purchaser agreed to purchase Property 1 from Honghui Property with a consideration of RMB7,241,400.

- (d) the Company, as the vendor, and CMBC International Investment (HK) Limited, as the purchaser, had entered into the share transfer agreement dated 21 February 2023, pursuant to which the vendor agreed to dispose of the non-voting participating shares to the purchaser, and the purchaser agreed to purchase the non-voting participating shares held by the Company in Serica Segregated Portfolio from the vendor at a consideration of HK\$17,000,000. The transaction was completed on 17 March 2023 due to the fulfillment of all the conditions under the share transfer agreement.

8. EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Expert	Qualification
Cushman & Wakefield Limited	Independent qualified valuer

As at the Latest Practicable Date, the above expert:

- (1) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name, in the form and context in which it appear;
- (2) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (3) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. GENERAL

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Unit 301, 3/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong.

- (c) The company secretary of the Company is Mr. Leung Kee Wai, who is a fellow member of The Chartered Governance Institute, The Hong Kong Chartered Governance Institute, and a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's Hong Kong branch share registrar and transfer office is Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular and the form of proxy shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display and will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cgrh.com.hk) within a period of 14 days from the date of this circular:

- (a) the Lease Agreement;
- (b) the valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular; and
- (c) the written consent referred to in the paragraph headed "8. Expert" in this Appendix.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the “SGM”) of Century Ginwa Retail Holdings Limited (the “Company”) will be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Friday, 30 June 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

the lease agreement dated 15 May 2023 entered into between Xianyang Century Ginwa Dingshang Trade and Commerce Company Limited* (咸陽世紀金花鼎尚商貿有限公司) as lessee and Shaanxi Jinfangyuan Industrial Development Co., Ltd.* (陝西金方圓實業開發有限公司) as lessor (the “**Lease Agreement**”) and the transactions contemplated thereunder be approved, ratified and confirmed; and any director of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, sign, initial, ratify and/or execute all documents which may in his/her opinion be necessary, desirable or expedient to implement and give effect to any matters arising from, relating to or incidental to the Lease Agreement and the transactions contemplated thereunder.”

On behalf of the Board
Century Ginwa Retail Holdings Limited
Yao Jiangang
Chairman

Hong Kong, 15 June 2023

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 301, 3/F,
OfficePlus@Wan Chai,
303 Hennessy Road,
Wanchai, Hong Kong.

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice (or any adjournment thereof) is entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and, subject to the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the SGM (or any adjournment thereof) is enclosed.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons at present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the office of the Company's Hong Kong branch registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time for holding the SGM or adjourned meeting. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.

The register of members of the Company will be closed from 27 June 2023 to 30 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to determine the eligibility of the members who are entitled to attend and vote at the meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 26 June 2023. The record date for determining the eligibility of the members to attend and vote at the meeting will be 30 June 2023.

5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.cgrh.com.hk and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify the members of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the Board comprises three executive directors, being Mr. Yao Jiangang, Mr. Qin Chuan and Ms. Wan Qing; two non-executive directors, being Mr. Huang Zhihua and Mr. Chen Shuai, and three independent non-executive directors, being Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong.

* *For identification purpose only*