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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY**

THE DISPOSAL

Reference is made to the Company's announcement dated 8 October 2021 in relation to, among other things, the Potential Disposal of Property 2. The Board is pleased to announce that, on 14 June 2023, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Contract with the Purchaser (a natural person and independent third party) for the disposal of Property 2, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase Property 2 with a consideration of RMB12,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Disposal exceeded 5% but were less than 25%, the entering into of the Sale and Purchase Contract and the Disposal contemplated thereunder constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE SALE AND PURCHASE CONTRACT

Date

14 June 2023

Parties

- (i). Honghui Property, a wholly-owned subsidiary of the Company, being the Vendor; and
- (ii). the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Deposit

Before signing the Sale and Purchase Contract, a deposit of RMB1,000 shall be paid by the Purchaser to the Vendor, which will be set off against the consideration for the Disposal when signing the Sale and Purchase Contract.

Consideration and payment

The total consideration for the Disposal was RMB12,000,000, which was determined (i) after arm's length negotiations between the Vendor and the Purchaser based on the market price issued by the second-hand property agency in Xi'an; (ii) after taking into account the requirement that the sale price of Property 2 shall be no less than RMB11,542,200 under the disposal mandate granted by the Board of the Company on 8 October 2021; and (iii) with reference to the appraised value of Property 2 as at 15 January 2023 of RMB12,000,000 made by an independent valuer on 15 March 2023. The aforementioned consideration has been paid by the Purchaser to the Vendor in one lump sum. As at the date of this announcement, the Group has received the consideration in full.

Considering that the transactions for real estate similar to Property 2 in the real estate market in Xi'an are active, and that necessary information on comparable transactions are available, the aforementioned assessment is carried out using the market method. Major assumptions adopted in the assessment are: (i) Transaction assumption: which is to assume that the subject property is being transacted, and the valuer simulates the market for the assessment based on the transaction conditions of the assets; (ii) Open market assumption: which is to assume that both parties to the asset transaction are on equal footing, where they have opportunity and time to access adequate market information, and are able to make a rational judgment on the function, use and price of the asset; and (iii) Continuous use assumption: which is to assume that the asset will continue to be used according to its current use.

Completion

The risk and liability of Property 2 will be transferred to the Purchaser from the date of the transfer of ownership.

INFORMATION ON PROPERTY 2

Property 2 is located at Room 20101, Unit 2, Building 3, 108 Square, Overseas Chinese Town, No. 2 Beichitouerlu, Qujiang New District, Xi'an, the PRC (中國西安市曲江新區北池頭二路2號華僑城108坊小區3幢2單元20101). The total gross floor area of Property 2 is 461.93 square meters. For the two financial years immediately preceding the Disposal, the net profit/loss before and after tax attributable to Property 2 was nil as the property 2 was idle.

FINANCIAL EFFECT OF THE DISPOSAL

On 31 May 2023, the unaudited net carrying amount of Property 2 was approximately RMB7,969,487.03 based on the management accounts of the Group. The Group expects to record a net gain before taxation on the Disposal of approximately RMB3,619,218.23, which is calculated with reference to the abovementioned unaudited net carrying amount of Property 2 of RMB7,969,487.03 and the net consideration of the Disposal (net of related transaction costs) of RMB11,588,705.26. The calculation is for illustrative purposes only and the accounting for the Disposal is subject to further review/audit by the auditor of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The property was acquired by the Vendor in January 2015. At the time of the acquisition of Property 2, the Company's original plan was to utilise a portion of the Group's then idle cash to purchase Property 2 for investment purpose in light of the uphold trend of the property market in Xi'an. Property 2 has been put on idle for years. Accordingly, the Company is of the view that the Disposal will not have any material adverse effect on the Group's operation. In addition, with reference to the basis for determination of the consideration of Property 2, the consideration for the Disposal is fair and reasonable. The Company is of the view that the proceeds from the Disposal could provide additional cash flow and enhance the working capital situation of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company has planned that the net proceeds from the Disposal will be used for the general working capital of the Group.

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GENERAL INFORMATION

Honghui Property, a company established in the PRC, is an indirect wholly-owned subsidiary of the Company and is principally engaged in property management services. The Group is principally engaged in operation of department stores, a shopping mall and supermarkets in the PRC.

The Purchaser is an individual residing in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of the Directors
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the Vendor agreed to sell and the Purchaser agreed to purchase Property 2 pursuant to the Sale and Purchase Contract
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property 2”	a property located at Room 20101, Unit 2, Building 3, 108 Square, Overseas Chinese Town, No. 2 Beichitouerlu, Qujiang New District, Xi’an, the PRC (中國西安市曲江新區北池頭二路2號華僑城108坊小區3幢2單元20101)
“Purchaser”	Sun Qiaoyun (孫巧云), an individual residing in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Contract”	the sale and purchase contract for the housing stock transaction dated 14 June 2023 entered into between the Purchaser and the Vendor in relation to the Disposal

“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Honghui Property”	Xi’an Honghui Property Management Company Limited* (西安鴻輝物業管理有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company

By order of the Board
Century Ginwa Retail Holdings Limited
Yao Jiangang
Chairman

Hong Kong, 20 June 2023

As at the date of this announcement, 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.