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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)

**CONNECTED TRANSACTION
RECEIVING FINANCIAL ASSISTANCE
IN RELATION TO
THE ENTERING INTO OF THE EXTENSION AGREEMENT**

**Independent Financial Adviser to
the IBC and the Independent
Shareholders**



EXTENSION AGREEMENT

On 8 February 2024, the Company and Glory Keen entered into the Extension Agreement, pursuant to which the parties agreed to, among other things, extend the maturity date of the Promissory Note to the second anniversary of the date of Completion, i.e. 6 January 2025, or an Early Maturity Date, whichever is earlier. Accordingly, all relevant references to the term and maturity date of the Promissory Note in the Agreement, the Promissory Note, the register of noteholders of the Company and the GCX Share Charge shall be modified accordingly. Other terms of the Agreement, the Promissory Note and the GCX Share Charge will remain unchanged. Upon repayment of all outstanding amount by the Company under the Promissory Note, the GCX Share Charge will be released.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Glory Keen is beneficially interested in 322,727,272 Shares, representing approximately 28.07% of the total number of Shares in issue. Accordingly, Glory Keen is a substantial shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into of the Extension Agreement constitutes receiving of financial assistance of the Company.

As one or more of the applicable percentage ratios in respect of the entering into of the Extension Agreement is 5% or more, the entering into of the Extension Agreement constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Financial Adviser has been appointed to advise the IBC and the Independent Shareholders on the entering into of the Extension Agreement.

The IBC comprising Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the independent non-executive Directors, has been established under the Listing Rules to give recommendations to the Independent Shareholders as to how to vote on the resolution(s) to be proposed at the SGM in respect of the entering into of the Extension Agreement.

A circular containing, among other things, (i) further details of the entering into of the Extension Agreement; (ii) the letter from the IBC giving its recommendation to the Independent Shareholders on the entering into of Extension Agreement; (iii) the letter from the Independent Financial Adviser containing its advice to the IBC and the Independent Shareholders in the same regard; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules, will be available to the Shareholders in accordance with the Listing Rules within 15 Business Days from the date of this announcement. As such, the expected date of the circular will be on or before 4 March 2024.

I. BACKGROUND

References are made to (i) the announcements of the Company dated 15 June 2022 and 6 January 2023; and (ii) the circular of the Company dated 7 December 2022, in relation to, among other things, the Agreement, pursuant to which the Company conditionally agreed to buy back from Glory Keen the Preferred Shares at the consideration of HK\$247,184,318, which was satisfied by the Company by issuing the interest-free Promissory Note due on the first anniversary of the date of Completion. The Company also executed and delivered the GCX Share Charge upon Completion to secure the due performance of the Company under the Promissory Note, which shall be released upon repayment of all outstanding amount by the Company under the Promissory Note. Completion of the Agreement took place on 6 January 2023 and the Preferred Shares were cancelled by the Company on 6 January 2023.

II. THE EXTENSION AGREEMENT

On 8 February 2024, the Company and Glory Keen entered into the Extension Agreement, pursuant to which the parties agreed to, among other things, extend the maturity date of the Promissory Note to the second anniversary of the date of Completion (i.e. 6 January 2025) or an Early Maturity Date, whichever is earlier.

Glory Keen has confirmed that it will not enforce the GCX Share Charge during the period from the original maturity date until 31 March 2024 or the date on which the Extension Agreement takes effect upon the approval of the Independent Shareholders, whichever is earlier.

Set forth below are the principal terms of the Extension Agreement:

Date

8 February 2024

Parties

- (i) the Company; and
- (ii) Glory Keen.

Subject matter

The maturity date of the Promissory Note shall be extended to the second anniversary of the date of Completion (i.e. 6 January 2025) or an Early Maturity Date, whichever is earlier. Accordingly, all relevant references to the term and maturity date of the Promissory Note in the Agreement, the Promissory Note, the register of noteholders of the Company and the GCX Share Charge shall be modified accordingly, so that the GCX Share Charge shall not become enforceable (except for and until an Early Maturity Date or 6 January 2025, whichever is earlier) according to the terms of the GCX Share Charge and the Extension Agreement. Other terms of the Agreement and the GCX Share Charge will remain unchanged. Upon repayment of all outstanding amount by the Company under the Promissory Note, the GCX Share Charge will be released.

The above extended maturity date of the Promissory Note was determined after arm's length negotiation between Glory Keen and the Company. As the second largest Shareholder, Glory Keen is willing to provide such financial assistance to the Company. For the Company, the extension of the maturity date of the Promissory Note allows it to have more working capital for business operation and more time to seek low-cost financing for the repayment.

Repayment arrangement

The repayment arrangement of the outstanding amount due under the Promissory Note of HK\$247,184,318 pursuant to the Extension Agreement shall be:

- (i) no later than 29 February 2024, the Company shall repay to Glory Keen not less than RMB15 million;
- (ii) no later than 31 July 2024, the Company shall repay to Glory Keen not less than RMB50 million in aggregate (i.e. including the amount repaid pursuant to subparagraph (i) above); and
- (iii) no later than 6 January 2025, the Company shall repay to Glory Keen all outstanding amount.

The amount shall be payable in Hong Kong dollars and be calculated based on the mid-rate of the exchange rate of the bank of Glory Keen on the date of repayment. The Company may make repayment on or prior to the aforementioned dates.

As at 31 December 2023, the unaudited cash at bank and on hand of the Group is approximately RMB54.7 million, which is adequate to settle the first instalment. The Company is also formulating financing plans and communicating with financial agencies to seek lower-cost financing based on its property assets. In addition, the Group has obtained a financial support letter from Qujiang Financial Holdings, which agreed to provide financial support of RMB1.05 billion to the Group by 30 June 2024. The unsecured loans of amounts of approximately RMB0.63 billion with interest rates ranged from 6.40% to 7.77% per annum has been withdrawn by the Group and the unutilized amount of loan which could be withdrawn by the Group under the financial support letter from Qujiang Financial Holdings was approximately RMB0.42 billion as at 31 December 2023. The Company will comprehensively consider and select the appropriate and low-cost financing methods to ensure the implementation of the repayment arrangement above.

Mandatory redemption

If the Company fails to make repayment pursuant to the above repayment arrangement, Glory Keen shall have the right to declare early maturity of the Promissory Note, mandatorily require the Company to redeem all of the unpaid Promissory Note, and exercise any right or remedy under the GCX Share Charge, including the right of disposing of all or any part of the issued share capital of GCX, to satisfy the outstanding amount under the Promissory Note. The Company is entitled to the surplus of monies after the satisfaction of all costs and outstanding amount of the Promissory Note had the GCX Share Charge been enforced. The date on which Glory Keen requires a mandatory redemption of the Company is the Early Maturity Date.

Tax and expenses

The Company shall bear any expenses incurred from the extension of the maturity date of the Promissory Note, and compensate Glory Keen in respect of any increased tax fees or other burdens that may result therefrom.

Effectiveness

The Extension Agreement shall take effect after the signing of the Extension Agreement by both parties and the completion of relevant applicable approval and disclosure procedures under the Listing Rules by the Company.

As at the date of this announcement, the Extension Agreement has been signed by both parties, and is subject to the approval of the Independent Shareholders at the SGM.

III. INFORMATION ON THE PARTIES

Information on the Group and GCX

The Company is a limited liability company incorporated in Bermuda. The Group is principally engaged in operation of department stores, a shopping mall and supermarkets in the PRC.

As at the date of this announcement, GCX is a wholly-owned subsidiary of the Company and holds all of the interest of Golden Chance (Saigo) Shopping Centre Limited, an investment holding company indirectly holding an investment property located in Xi'an City, the PRC, part of which the Group uses to operate its own department store and part of which is leased out as operating lease for commercial use (shopping mall). The financial information of GCX and its proportional percentage over the Group as at 30 September 2023, 30 June 2023, 31 December 2022 and 31 December 2021 were as below:

	For the six months ended 30 June 2023 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	33,826	3,063	28,105
% of the Group's revenue	17.77%	0.81%	5.69%
Loss for the year/period	(55,781)	(62,313)	(122,742)
% of the Group's loss	27.88%	17.23%	33.36%

	As at 30 September 2023 RMB'000	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Total assets	3,096,537	3,611,071	3,433,790	3,134,836
% of the Group's total asset	47.83%	47.17%	45.46%	43.48%
Net assets	1,637,504	1,526,839	1,569,337	1,574,518
% of the Group's net asset	126.76%	135.74%	104.13%	87.07%

Given the size of GCX relative to the Group's revenue, loss, total assets and net assets, if the Company could not extend the maturity date of the Promissory Note or it fails to settle the outstanding balance according to the repayment arrangement, and the GCX Share Charge was exercised by Glory Keen, the Board considers that the Group's operational and financial position may be adversely impacted. Considering the financing plans under the section "Repayment arrangement" above and the business development plans under the section "REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EXTENSION AGREEMENT" below, the Company believes that the risk of this scenario is low.

Information on Glory Keen

Glory Keen is a limited liability company incorporated in the British Virgin Islands and is principally engaged in project investment.

As at the date of this announcement, Glory Keen is wholly-owned by Hony Capital Fund 2008, L.P. 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 and Right Lane Limited owns 80% and 20% equity interests in Hony Group Management Limited, respectively. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited. Exponential Fortune Group Limited is a company held as to 49% by Mr. Zhao John Huan, 25.5% by Mr. Cao Yonggang and 25.5% by Mr. Xu Minsheng. Right Lane Limited is a company wholly-owned by Legend Holdings Corporation (聯想控股股份有限公司), a joint stock limited liability company incorporated under the laws of PRC and its overseas listed shares are listed on the Main Board of the Stock Exchange (Stock Code: 03396).

As at the date of this announcement, Glory Keen is beneficially interested in 322,727,272 Shares, representing approximately 28.07% of the total number of Shares in issue.

IV. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EXTENSION AGREEMENT

The Directors consider that by entering into the Extension Agreement and upon the Extension Agreement coming into effect, the maturity date of the Promissory Note will be extended on an interest-free basis, so that it can enable the Group to maintain sufficient capital for its general operations purpose in order to continuously improve the Group's income and earnings. In addition, the Group could have more time to promote the Group's business development and supplement working capital, which will have a positive impact on the Group's operation and development. As disclosed in the announcement of the Company dated 28 December 2023, a joint venture was established and entrusted with the operation and management of the Gaoxin Shopping Mall to promote the growth of operating income. Besides, Xianyang Renmin Store has a stable customer base in the Xianyang area and its revenue continues to grow. The project under preparation of Xianyang Xintiandi is expected to open at the end of April of 2024, which the Company believes will form a linkage with the existing Xianyang Renmin Store and further expand the sales volume of the Company. Despite that the GCX's unaudited consolidated net assets as at 31 December 2023 far exceeds the outstanding amount of the Promissory Notes, it is reasonable to carry forward the same charge over the shares of GCX under the Extension Agreement due to the following reasons: (a) the GCX Share Charge would continue to exist if the Promissory Note is not settled and the GCX Share Charge is not enforced by Glory Keen; (b) the underlying assets under the GCX Share Charge would remain unchanged; and (c) since the entire issued share capital of GCX has been charged as security for the performance of the Company under the interest-free Promissory Note, it is Glory Keen's position to maintain the same underlying assets and the same equity percentage of GCX as securities for the extension of maturity date therein without additional interest expenses. Therefore, the Board (excluding members of the IBC who will reserve its judgment after taking advice from the Independent Financial Adviser) believes that the terms and conditions of the Extension Agreement is on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, Glory Keen is beneficially interested in 322,727,272 Shares, representing approximately 28.07% of the total number of Shares in issue. Accordingly, Glory Keen is a substantial shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into of the Extension Agreement constitutes receiving of financial assistance of the Company.

As one or more of the applicable percentage ratios in respect of the entering into of the Extension Agreement is 5% or more, the entering into of the Extension Agreement constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. VOTING

Save for Mr. Chen Shuai, who is a non-executive Director nominated by Glory Keen, none of the other Directors has a material interest in the entering into of the Extension Agreement and hence no Director has abstained from voting at the Board meeting approving the entering into of the Extension Agreement.

The voting in respect of the Extension Agreement at the SGM will be conducted by way of poll. As at the date of this announcement, Glory Keen directly holds 322,727,272 Shares, representing approximately 28.07% of the existing issued Shares of the Company and will abstain from voting at the SGM. Save for Glory Keen, no other Shareholder is required to abstain from voting on the resolution in respect of the entering into of the Extension Agreement at the SGM.

VII. GENERAL

The Independent Financial Adviser has been appointed to advise the IBC and the Independent Shareholders on the entering into of the Extension Agreement.

The IBC comprising Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the independent non-executive Directors, has been established under the Listing Rules to give recommendations to the Independent Shareholders as to how to vote on the resolution(s) to be proposed at the SGM in respect of the entering into of the Extension Agreement.

A circular containing, among other things, (i) further details of the entering into of the Extension Agreement; (ii) the letter from the IBC giving its recommendation to the Independent Shareholders on the entering into of the Extension Agreement; (iii) the letter from the Independent Financial Adviser containing its advice to the IBC and the Independent Shareholders in the same regard; (iv) the notice of the SGM and (v) other information as required under the Listing Rules, will be available to the Shareholders in accordance with the Listing Rules within 15 Business Days from the date of this announcement. As such, the expected date of the circular will be on or before 4 March 2024.

VIII. DEFINITIONS

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

“Agreement”	the agreement dated 15 June 2022 entered into between the Company and Glory Keen in relation to the buy-back of the Preferred Shares by the Company from Glory Keen for cancellation, which constituted an off-market share buy-back by the Company under Rule 2 of the Share Buy-backs Code, at the consideration of HK\$247,184,318, which was satisfied by the Company by issuing the Promissory Note on 6 January 2023
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“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)
“Completion”	completion of the Agreement, date of which being 6 January 2023
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Early Maturity Date”	the date on which Glory Keen declares early maturity of the Promissory Note, following the failure of the Company to make repayment pursuant to the repayment arrangement as specified in the Extension Agreement
“Extension Agreement”	the agreement dated 8 February 2024 entered into between the Company and Glory Keen to extend the maturity date of the Promissory Note

“Gaoxin Shopping Mall”	the shopping mall at Gaoxin (高新店購物中心) owned by Xi’an Honghui Property Management Company Limited* (西安鴻輝物業管理有限公司), which is located at 1-4/F, Century Golden Flower Shopping Centre, No. 33 Science and Technology Road, Yanta District, Xi’an, Shaanxi Province, the PRC (中國陝西省西安市雁塔區科技路33號世紀金花購物中心1-4層), with a total gross floor area of 29,565.9 square meters
“GCX”	Golden Chance (Xian) Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“GCX Share Charge”	the share charge executed and delivered by the Company upon Completion, pursuant to which the entire issued share capital of GCX held by the Company is made subject to a charge in favour of Glory Keen to secure the due performance of the Company in relation to the Promissory Note
“Glory Keen”	Glory Keen Holdings Limited, a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBC”	the independent committee of the Board, comprising Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the independent non-executive Directors, established under the Listing Rules to give recommendations to the Independent Shareholders in respect of the entering into of the Extension Agreement
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the IBC and the Independent Shareholders in connection with the entering into of the Extension Agreement

“Independent Shareholders”	Shareholders other than those who have material interest in the entering into of the Extension Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Preferred Shares”	the 1,177,068,181 non-voting and perpetual convertible preferred shares of nominal value of HK\$0.10 per share issued by the Company to Glory Keen, which were cancelled pursuant to the Agreement by the Company on 6 January 2023
“Promissory Note”	the interest-free promissory note in favour of Glory Keen issued by the Company in the principal amount of HK\$247,184,318, the maturity date of which will be extended pursuant to the Extension Agreement
“Qujiang Financial Holdings”	Xi’an Qujiang Cultural Financial Holdings (Group) Co., Ltd., the controlling shareholder of Qujiang Cultural Financial International Investment Limited (曲江文化金融國際投資有限公司), a company holding approximately 29.24% of the total number of Shares in issue as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the resolution approving the entering into of the Extension Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Share Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Shareholder(s)”	the holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Xianyang Renmin Store”	a department store located in Xianyang operated by the Group
“%”	per cent

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

Hong Kong, 8 February 2024

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 Zihua and Mr. Chen Shuai, and three independent non-executive Directors, being Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong.