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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

**(1) CONNECTED TRANSACTION
RECEIVING FINANCIAL ASSISTANCE
IN RELATION TO
THE ENTERING INTO OF THE EXTENSION AGREEMENT
(2) NOTICE OF SPECIAL GENERAL MEETING**

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



A letter from the Board is set out on pages 5 to 12 of this circular.

A letter of recommendation from the IBC is set out on pages 13 to 14 of this circular. A letter of advice from Gram Capital to the IBC and the Independent Shareholders regarding the entering into of the Extension Agreement is set out on pages 15 to 29 of this circular.

A notice convening the SGM to be held on Tuesday, 5 March 2024 at 11:00 a.m. at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong 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 intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, located 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 scheduled for the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjourned meeting thereof should you so wish.

14 February 2024

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DEFINITIONS

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

“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
“Announcement”	the announcement of the Company dated 8 February 2024 in relation to the entering into of the Extension Agreement
“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, 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

DEFINITIONS

“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

DEFINITIONS

“Latest Practicable Date”	14 February 2024, the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Latest Practicable Date
“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 held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. on Tuesday, 5 March 2024, 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

DEFINITIONS

“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

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 and Non-executive Directors:

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

Independent Non-executive Directors:

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

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

14 February 2024

To the Shareholders

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION
RECEIVING FINANCIAL ASSISTANCE
IN RELATION TO
THE ENTERING INTO OF THE EXTENSION AGREEMENT
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the entering into of the Extension Agreement. The purpose of this circular is to provide you with further information in relation to, among other things, (i) the Extension Agreement; (ii) a letter of recommendations from the IBC to the Independent Shareholders in relation to the entering into of the Extension Agreement; (iii) a letter of advice from Gram Capital to the IBC and the Independent Shareholders in relation to the entering into of the Extension Agreement; and (iv) a notice of the SGM.

LETTER FROM THE BOARD

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.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

If the Extension Agreement is voted down by the Independent Shareholders at the SGM, the financing costs may increase to obtain external financing for repayment. But the Company believes that the successful extension without additional capital cost will benefit the Company's cash flow, and is in the interests of the Company and the Shareholders as a whole, and therefore it is optimistic that approval can be obtained from the Independent Shareholders.

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. And 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 Latest Practicable Date, the Extension Agreement has been signed by both parties, and is subject to the approval of the Independent Shareholders at the SGM.

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 Latest Practicable Date, 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).

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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 Latest Practicable Date, Glory Keen is beneficially interested in 322,727,272 Shares, representing approximately 28.07% of the total number of Shares in issue.

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 (including members of the IBC whose view is set out in the section "Letter from the IBC" after having considered the advice and recommendation of Gram Capital) 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.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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 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.

SGM

The register of members of the Company will be closed from Thursday, 29 February 2024 to Tuesday, 5 March 2024 (both dates inclusive) for determining the entitlements of the Shareholders to attend the SGM. No transfer of Shares will be registered during this period.

The SGM will be held by the Company to consider and, if thought fit, pass the resolution to approve, among other things, the entering into of the Extension Agreement. Only the Independent Shareholders will be entitled to vote on the resolution to approve the entering into of the Extension Agreement at the SGM.

The voting in respect of the entering into of the Extension Agreement at the SGM will be conducted by way of poll. As at the Latest Practicable Date, Glory Keen directly holds 322,727,272 Shares, representing approximately 28.07% of the existing issued Share capital 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.

Save for Mr. Chen Shuai, who is a non-executive Director nominated by Glory Keen, none of the other Directors has 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 form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such event, the form appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

GENERAL

Gram Capital has been appointed as the Independent Financial Adviser 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 of 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.

RECOMMENDATION

On the basis of the information set out in this circular, the Directors (including members of the IBC whose view is set out in the section “Letter from the IBC” after having considered the advice and recommendation of Gram Capital) believes that although the Extension Agreement is not conducted in the ordinary and usual course of business of the Group, the terms and conditions of the Extension Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. Therefore, the Directors (including members of the IBC whose view is set out in the section “Letter from the IBC” after having considered the advice and recommendation of Gram Capital) recommend the Independent Shareholders to vote in favour of the resolution as set out in the notice of the SGM.

Your attention is drawn to the letter from the IBC as set out on pages 13 to 14 of this circular and the letter from Gram Capital as set out on pages 15 to 29 of this circular which contain their recommendations to the Independent Shareholders regarding the entering into of the Extension Agreement. The Independent Shareholders are advised to read the aforesaid letters before deciding on how to vote on the relevant resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

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

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

LETTER FROM THE IBC

The following is the text of the letter from the IBC setting out its recommendations to the Independent Shareholders in relation to the entering into of the Extension Agreement.



14 February 2024

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company to the Shareholders dated 14 February 2024 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the IBC to advise you in respect of the Extension Agreement. Gram Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 15 to 29 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 12 of the Circular and the additional information set out in the appendices to the Circular.

LETTER FROM THE IBC

Having taken into account the advice of Gram Capital, we consider that (i) the terms of the Extension Agreement are on normal commercial terms and are fair and reasonable; and (ii) although the Extension Agreement is not conducted in the ordinary and usual course of business of the Group, the Extension Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the entering into of the Extension Agreement.

Yours faithfully,

For and on behalf of the IBC

Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong

Independent Non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the IBC and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

14 February 2024

*To: The independent board committee and the independent shareholders
of Century Ginwa Retail Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the IBC and the Independent Shareholders in respect of the transactions contemplated under the Extension Agreement (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 14 February 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 8 February 2024, the Company and Glory Keen entered into the Extension Agreement, pursuant to which the parties have 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 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.

With reference to the Board Letter, the Transaction constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders’ approval requirements of Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The IBC comprising Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction is on normal commercial terms and is fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transaction at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the IBC and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of Share Buy-back and the GCX Share Charge, details of which are set out in the Company's circular dated 7 December 2022. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationship or interest between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the IBC and the Independent Shareholders.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial advisory engagement and would not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the IBC and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information

LETTER FROM GRAM CAPITAL

and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in the 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 as contained therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Glory Keen or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

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A. Information on the Group

With reference to in the Board Letter, 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.

Financial performance

Set out below are the consolidated financial performance of the Group for the two years ended 31 December 2022 and for the six months ended 30 June 2023 (with comparative figures for the six months ended 30 June 2022), as extracted from the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**") and the Company's interim report for the six months ended 30 June 2023 ("**2023 Interim Report**"):

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)	Year on year change %	For the year ended 31 December 2022 RMB'000 (audited)	For the year ended 31 December 2021 RMB'000 (audited)	Year on year change %
Gross revenue (<i>Note</i>)	512,332	495,294	3.44	847,756	1,316,396	(35.60)
Revenue	190,378	230,610	(17.45)	376,070	494,280	(23.92)
– Department stores and shopping mall	92,625	99,326	(6.75)	158,611	250,237	(36.62)
– Supermarkets	97,753	131,284	(25.54)	217,459	244,043	(10.89)
Loss for the year/period attributable to equity shareholders of the Company	(200,090)	(185,817)	7.68	(361,737)	(367,967)	(1.69)

Note: Gross revenue represents the gross amount arising from the sales of goods, concession sales charged to retail customers, gross rental income and management and administrative service fee income charged to tenants.

The Group's gross revenue and revenue for the year ended 31 December 2022 ("**FY2022**") were approximately RMB847.8 million and RMB376.1 million respectively, representing decreases of approximately 35.60% and 23.92% respectively as compared to those for the year ended 31 December 2021 ("**FY2021**"). Notwithstanding the aforesaid decreases in the Group's gross revenue and revenue, the Group's loss attributable to equity shareholders of the Company for FY2022 were slightly decreased by approximately 1.69% as compared to that for FY2021, mainly due to (i) the decrease in staff costs, advertisement expenses and impairment losses on goodwill and intangible assets; (ii) the recognition of valuation gain on an investment property for FY2022; and (iii) the recognition of income tax credit for FY2022 as opposed to income tax expense for FY2021, partially offset by the increase in net finance costs.

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The Group's gross revenue for the six months ended 30 June 2023 ("1H2023") increased by approximately 3.44% as compared to that for the six months ended 30 June 2022 ("1H2022"); while the Group's revenue for 1H2023 decreased by approximately 17.45% as compared to that for 1H2022. With reference to the 2023 Interim Report, the increase in the Group's gross revenue was primarily attributable to an increase in gross revenue from concession sales; while the decrease in the Group's revenue was primarily due to a drop in sales of goods as a result of the closure of three community fresh food supermarkets of the Group in Xi'an and three comprehensive supermarkets of the Group in Shaanxi.

The Group's loss attributable to shareholders of the Company for 1H2023 increased by approximately 7.68% as compared to that for 1H2022. With reference to the 2023 Interim Report, the aforesaid increase was mainly due to (i) a drop in the Group's revenue as aforementioned; (ii) the increase in expected credit loss on trade and other receivables of approximately RMB22 million for 1H2023 as compared to that for 1H2022 attributable to the additional expected credit loss allowance provided to the trade receivables of a prepaid card management company for the repayment of consumers consumption amount of the cash coupon card during 1H2023; and (iii) the increase in net finance costs of approximately 8.49% for 1H2023 as compared to that for 1H2022 attributable to the increase in loan amount.

Financial position

Set out below are the consolidated financial position of the Group as at 31 December 2021 and 2022 and as at 30 June 2023, as extracted from the 2022 Annual Report and 2023 Interim Report:

	As at 30 June 2023	As at 31 December 2022	As at 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Cash at bank and on hand	51,919	19,542	36,520
% of the Group's total assets	0.68%	0.26%	0.51%
Bank and other borrowings	4,330,724	4,068,605	3,611,062
% of the Group's total liabilities	66.31%	67.29%	66.86%
Net current liabilities	(2,090,627)	(4,242,470)	(2,638,621)
Total assets	7,656,121	7,553,105	7,209,445
Total liabilities	6,531,278	6,046,073	5,401,185

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As depicted from the above table:

- (1) The Group's bank and other borrowings increased from approximately RMB3,611.1 million as at 31 December 2021 to approximately RMB4,068.6 million as at 31 December 2022, and further increased to approximately RMB4,330.7 million as at 30 June 2023. With reference to the 2023 Interim Report, as at 30 June 2023, property and equipment with an aggregate net book value of approximately RMB3,738.6 million, investment property of approximately RMB728.8 million and cash at bank of approximately RMB12.7 million (approximately RMB4,480.1 million in aggregate) had been pledged to secure the Group's bank and other borrowings; and
- (2) the Group recorded net current liabilities position as at 31 December 2020, 31 December 2021 and 30 June 2022. The Group's net current liabilities increased from approximately RMB2,638.6 million as at 31 December 2021 to approximately RMB4,242.5 million as at 31 December 2022, and decreased to approximately RMB2,090.6 million as at 30 June 2023.

As advised by the Directors:

- (1) The decrease in the Group's cash at bank and on hand as at 31 December 2022 as compared to that as at 31 December 2021 was mainly due to the summation of net cash used in operating and investing activities exceeded the net cash generated from financing activities;
- (2) The increase in the Group's cash at bank and on hand as at 30 June 2023 as compared to that as at 31 December 2022 was mainly due to the summation of net cash generated from investing and financing activities exceed net cash used in operating activities;
- (3) The increase in the Group's total liabilities as at 30 June 2023 as compared to that as at 31 December 2022 and 31 December 2021 was mainly due to (a) increase in the Group's trade and other payable as a result of the increase in payable turnover days; and (b) increase in bank and other borrowings;
- (4) The increase in the Group's net current liabilities as at 31 December 2022 as compared to that as at 31 December 2021 was mainly due to (a) increase in the Group's short-term trade and other payable; and (b) increase in short-term bank and other borrowings; and

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- (5) The decrease in the Group's net current liabilities as at 30 June 2023 as compared to that as at 31 December 2022 was mainly due to (a) decrease in short-term bank and other borrowing as a result of the rollover of short-term loan into long-term loan by Qujiang Financial Holdings; and (b) the increase in the Group's current assets as a result of the recovery of funds from the Group's operation and the increase in trade receivables.

Information on GCX

With reference to the Board Letter, 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).

As at the Latest Practicable Date, the entire issued share capital of GCX had been charged in favour of Glory Keen under the GCX Share Charge.

Set out below are the unaudited financial performance of GCX as at and for the two years ended 31 December 2022, for the six months ended 30 June 2023 and for the nine months ended 30 September 2023, as extracted from the Board Letter:

	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 attributable to equity shareholders of the Company	27.88%	17.23%	33.36%

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Set out below are the unaudited financial position of GCX as at 31 December 2021, 31 December 2022, 30 June 2023 and 30 September 2023, as extracted from the Board Letter:

	As at 30 September 2023 <i>RMB'000</i>	As at 30 June 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
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 attributable to equity shareholders of the Company	126.76%	135.74%	104.13%	87.07%

B. Information on Glory Keen

With reference to the Board Letter, Glory Keen is a limited liability company incorporated in the British Virgin Islands and is principally engaged in project investment.

As at the Latest Practicable Date, 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 Hong Kong Stock Exchange (Stock Code: 03396).

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C. Reasons for and benefits of the Transaction

On 15 June 2022, the Company and Glory Keen entered into the Agreement, pursuant to which the Company conditionally agreed to buy back from Glory Keen, and Glory Keen conditionally agreed to sell to the Company, the Preferred Shares at buy-back price of approximately HK\$0.21 per Preferred Share (i.e. the Share Buy-back). Pursuant to the Agreement, the consideration for the Share Buy-back (i.e. HK\$247,184,318 in total) will be satisfied by the Company by issue of the interest-free promissory notes due on the first anniversary of the date of Completion in favour of Glory Keen (i.e. the Promissory Note). Taking into consideration that the consideration will not be satisfied in cash upon completion, the Company agreed to execute and deliver the GCX Share Charge in favour of Glory Keen upon Completion, pursuant to which a fixed first equitable charge shall be created over the entire issued share capital of GCX in favour of Glory Keen to secure the due performance of the Company in relation to the issuance of the interest-free promissory notes in an amount of HK\$247,184,318. The GCX Share Charge will be released upon repayment of all outstanding amount by the Company thereunder the promissory notes.

As advised by the Directors, the Promissory Note would originally expire in January 2024. However, the Group recorded monetary fund of approximately RMB54.7 million as at 31 December 2023, which was not sufficient to settle the Promissory Note according to its cash level without bearing additional interest expenses. Given the Group's cash position and working capital requirement and that the GCX Share Charge will not be released before the fully settlement of Promissory Note, the Directors did not consider the partial repayment of the Promissory Note.

As stated in the Board Letter, 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. We also consider that the extension of the maturity date of the Promissory Note and enforceable date of the GCX Share Charge will allow the Company to have additional time to prepare relevant financial resources to settle the Promissory Note without triggering the execution of the GCX Share Charge.

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As noted from the Board Letter, Glory Keen 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 approval of the Independent Shareholders, whichever is earlier. As such, if the Extension Agreement was not approved by the Independent Shareholders at the SGM, (i) the GCX Share Charge will continue to exist and may be enforced should the Group not able to settle the amount of Promissory Note by 31 March 2024; or (ii) the Group may bear additional approximate one-year interest expense by withdrawing the unutilized amount of loan which could be withdrawn by the Group according to the Financial Support Letter or by loan from financial agencies.

Having considered the above factors, including (i) the Group recorded monetary fund of approximately RMB54.7 million as at 31 December 2023, which was not sufficient to settle the Promissory Note according to its cash level as at 31 December 2023; (ii) the extension of the maturity date of the Promissory Note and enforceable date of the GCX Share Charge will allow the Company to have additional time to prepare relevant financial resources to settle the Promissory Note without triggering the execution of the GCX Share Charge; and (iii) the Promissory Note is interest-free and thus the Company would not incur additional finance cost as a result of the Transaction, we are of the view that although the Transaction is not conducted in the ordinary and usual business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole.

D. Principal terms of the Transaction

The following table tabulates a summary of the major terms of the Transaction, details of which are set out under the section headed “THE EXTENSION AGREEMENT” in the Board Letter:

Date

8 February 2024

Parties

- (1) The Company; and
- (2) Glory Keen

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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) (the “**Extended Maturity Date**”) 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.

In respect of the extension period (i.e. one year), we attempted to search for connected transactions in relation to extension of loan/note maturity (excluding convertible securities) conducted by listed companies where the subject listed company is borrower in relevant loan/note arrangement (the “**Comparable Transactions**”), during the period from February 2021 to the date of Agreement. To our best effort and as far as we are aware of, we identified seven Comparable Transactions, all of which are set out below with certain key terms, as announced by five different listed companies:

Date of announcement	Company name (stock code)	Extension period	Originally secured/unsecured	Change in requirement for security after the relevant extension
11 March 2021	Yida China Holdings Limited (3639)	7 months	Secured	No change
20 September 2021	LET Group Holdings Limited (formerly known as Suncity Group Holdings Limited) (1383)	8 months	Unsecured	No change
22 October 2021	BII Railway Transportation Technology Holding Company Limited (1522)	3 years	Secured	No change
31 March 2022	Yida China Holdings Limited (3639)	8 months	Secured	No change
1 April 2022	Madison Holdings Group Limited (8057)	1 year	Unsecured	No change
31 March 2023	Yida China Holdings Limited (3639)	6 months	Secured	No change
8 June 2023	Ying Kee Tea House Group Limited (8241)	3 years	Unsecured	No change

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We noted that the extension periods of the Comparable Transactions ranged from 6 months to 3 years, thus we did not consider the extension period to be abnormal.

Interest rate

The Promissory Note is interest-free.

As the Company will not bear interest of the Promissory Note, we consider that the nil interest rate arrangement of the Promissory Note will not incur additional interest burden and thus it is beneficial to the Company.

Repayment arrangement

The repayment arrangement 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 sub-paragraph (i) above);
- (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 advised by the Directors, the Company intends to fund the repayment of the promissory note by debt financing (including but not limited to financing from banks and financial institutions), which is expected to be obtained from lenders including banks. We understood from the Directors that the Group had obtained a financial support letter (the “**Financial Support Letter**”) from Qujiang Financial Holdings (the controlling shareholder of Qujiang Investment (the largest Shareholder of the Company)). We reviewed the Financial Support Letter and noted that Qujiang Financial Holdings agreed to provide, among other things, additional loan facility of RMB1.05 billion to the Group by 30 June 2024.

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As further advised by the Directors, as at 31 December 2023, (i) 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 (ii) the unutilized amount of loan which could be withdrawn by the Group according to the Financial Support Letter was approximately RMB0.42 billion. Furthermore, the Group continuously negotiate with financing institutions to secure financing facilities with lower borrowing costs based on the Group's properties assets. These negotiations are still ongoing and relevant terms had not been concluded. Together with the Financial Support Letter, the Directors are of the view that they do not foresee any difficulties in obtaining debt financing to repay the Promissory Note on or before the Extended Maturity Date.

Although the unutilized amount available to the Group to withdraw under the Financial Support Letter is sufficient to repay the Promissory Note, the Directors advised us that it is not optimal for the Company to repay the Promissory Note through utilising the financial support from Qujiang Financial Holdings on the original maturity date (i.e. 6 January 2024) due to the high gearing of the Group and the additional interest burden that would incur. We noted from the 2023 Interim Report that the Group's gearing ratio (being bank and other borrowings and lease liabilities less cash at bank and on hand, divided by the total equity) was approximately 3.96 times as at 30 June 2023, representing an increase of approximately 1.15 times as compared to the Group's gearing ratio as at 31 December 2022.

We also understood from the Directors that the borrowing costs of loans from Qujiang Financial Holdings ranged from 6.40% to 7.77% per annum, which would increase an approximate one-year interest burden of the Group should the Group settle the Promissory Note by withdrawing loan according to the Financial Support Letter as compared to the extension of interest-free Promissory Note to 6 January 2025. As also stated in the Board Letter, the Company will comprehensively consider and select the appropriate and low-cost financing method to ensure the implementation of the above repayment arrangement.

For our due diligence purpose, we obtained a detailed breakdown of the Group's existing interest-bearing loans and borrowings as at 31 December 2023. Based on the aforesaid breakdown, we noted that the interest rates of majority of the Group's interest-bearing loans and borrowings in terms of number of interest-bearing loans and borrowings were lower than those provided by Qujiang Financial Holdings. Furthermore, we understood from the Directors that, based on the ongoing discussion between the Group and financing institutions, the interest rate for borrowings from banking financial institutions is expected to be around 6% per annum. As such, we do not doubt the Group's ability to secure financing facilities with lower borrowing costs.

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Mandatory redemption

With reference to the Board Letter, 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. And the Company is entitled to the surplus of monies after the satisfaction of all costs and outstanding amount of Promissory Notes 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.

Share charge

Pursuant to the Agreement, the consideration for the Share Buy-back will be satisfied by the Company by the issuance of the Promissory Note. Taking into consideration that the consideration will not be satisfied in cash upon completion, the Company agreed to execute and deliver the GCX Share Charge in favour of Glory Keen upon Completion, pursuant to which a fixed first equitable charge shall be created over the entire issued share capital of GCX in favour of Glory Keen to secure the due performance of the Company in relation to the issuance of the Promissory Note. The GCX Share Charge will be released upon repayment of all outstanding amount by the Company thereunder the promissory note.

As GCX indirectly holds an investment property located in Xi'an City, the PRC, part of which the Group uses to operate one of its own department stores, the exercise of the GCX Share Charge by Glory Keen would have an adverse impact on the Group's operations. As also stated in the Board Letter, 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.

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Notwithstanding the aforesaid and that the GCX's unaudited consolidated net assets as at 30 September 2023 far exceeds the payment obligation in respect of the consideration of the Promissory Notes (i.e. approximately HK\$247 million), having considered that (i) it is reasonable to carry forward the same charge over GCX Shares for the Transaction due to the following reasons: (a) the GCX Share Charge would continue to exist should 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; (ii) the Company is entitled to the surplus of monies after the satisfaction of costs and outstanding amount of Promissory Notes had the GCX Share Charge been enforced; and (iii) the GCX Share Charge will be released upon repayment of all outstanding amount by the Company thereunder the Promissory Notes, we are of the view that the arrangement of the GCX Share Charge is justifiable.

We also noted from the Comparable Transactions that the requirements for security for all Comparable Transactions remained unchanged.

Having considered the terms of the Transaction, in particular the key terms as listed above (including the extension period (the duration of which is the same as the original duration of Promissory Note); nil interest rate of the Promissory Note (which will not incur additional interest burden and thus it is beneficial to the Company); the underlying share charge (the arrangement of which is justifiable as analysed above)) and that no abnormal terms were observed, we are of the view that the Transaction is on normal commercial terms and is fair and reasonable.

RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) although the Transaction is not conducted in the ordinary and usual course of business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the IBC to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the SGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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); (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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 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%

(1) As at the Latest Practicable Date, Mr. Ge Xin, the spouse of Ms. Wan Qing, an executive Director, 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; and (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, save as disclosed below, none of the other Directors was a director or employee of a company which had, or was deemed to have, an interest or a 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) Interests of Substantial Shareholders and other persons

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following Shareholders (other than a Director or chief executive of the Company) had an interest or short position in the Shares and 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:

(i) Long positions/short positions in 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	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, so far as is known to the Directors and chief executive of the Company, no other persons (other than a Director and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP

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. 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.

7. EXPERT

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

Name	Qualifications
Gram Capital Limited	a licensed corporation by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital:

- (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 appears;
- (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.

8. GENERAL

- (a) The registered office of the Company is situated 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'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.
- (d) The company secretary of the Company is Ms. Chan Yuen Ying Stella, a fellow member of The Chartered Governance Institute, The Hong Kong Chartered Governance Institute, and a member of The Hong Kong Institute of Directors.
- (e) The English text of this circular and the form of proxy shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENT ON DISPLAY

Copy of the Extension Agreement will be on display and 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.

NOTICE OF SGM



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 on Tuesday, 5 March 2024 at 11:00 a.m. at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong to consider and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the extension agreement dated 8 February 2024 (the “**Extension Agreement**”) entered into between Glory Keen Holdings Limited and the Company (a copy of the Extension Agreement has been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purpose) 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 Extension Agreement.”

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

Hong Kong, 14 February 2024

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 SGM

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 Thursday, 29 February 2024 to Tuesday, 5 March 2024, 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 Wednesday, 28 February 2024. The record date for determining the eligibility of the members to attend and vote at the meeting will be Thursday, 29 February 2024.

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*