
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**POSSIBLE VERY SUBSTANTIAL DISPOSAL
DISPOSAL MANDATE IN RELATION TO
POTENTIAL DISPOSAL OF SHARES IN
GINWA ENTERPRISE (GROUP) INC.*
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 14 of this circular.

A notice convening the special general meeting of the Company (the "SGM") to be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Thursday, 7 July 2022 at 11:30 a.m. is set out on pages 61 to 63 of this circular. A form of proxy for use in connection with the SGM is enclosed with the circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy enclosed with this circular in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

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

1. compulsory body temperature check will be conducted for every attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.3 degrees Celsius will be denied entry into the meeting venue;
2. every attendee will be required to wear a facial surgical mask throughout the SGM;
3. appropriate distancing and spacing in line with the guidance from the Hong Kong Government will be maintained; and
4. no souvenir gift, refreshment or drink will be provided to attendees.

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above or are subject to any Hong Kong Government prescribed quarantine will be denied entry to the SGM venue. For the health and safety of Shareholders, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the SGM in person.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I - Financial Information of the Group	15
Appendix II - Financial Information of the A-Shares Company	28
Appendix III - Unaudited Pro Forma Financial Information of the Group	39
Appendix IV - General Information	53
Notice of Special General Meeting	61

DEFINITIONS

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

“A-Shares”	the A-shares of the A-Shares Company
“A-Shares Company”	金花企業(集團)股份有限公司 (Ginwa Enterprise (Group) Inc.*), a company of which A-shares are listed on the Shanghai Stock Exchange (Stock Code: 600080)
“Board”	the board of the Directors
“Century Ginwa”	世紀金花股份有限公司 (Century Ginwa Company Limited*), a joint stock company established in the PRC, a non-wholly owned subsidiary of the Company owned as to 83.88% by the Company
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the A-Shares pursuant to the Disposal Mandate
“Disposal Mandate”	a specific mandate proposed by the Board to seek approval from the Shareholders to allow Century Ginwa to dispose of up to 30,000,000 A-Shares (in whole or in part) on the terms as set out under the paragraph headed “Disposal Mandate” in this circular
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date”	20 May 2022, being the latest practical date prior to the publication of this circular for ascertaining certain information contained herein
“Minimum Disposal Price”	RMB8.5 per A-Share, being the minimum price of which the A-Shares will be disposed pursuant to the Disposal Mandate
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Thursday, 7 July 2022 at 11:30 a.m. for the Shareholders to consider and approve, if thought fit, the Disposal Mandate and the Disposal contemplated thereunder
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *For identification purposes only*

LETTER FROM THE BOARD



CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

Executive Directors:

Mr. Huang Shunxu (*Chairman*)
Mr. Qin Chuan (*Chief Executive Officer*)
Ms. Wan Qing

Non-executive Directors:

Mr. Li Yang
Mr. Chen Shuai

Independent Non-executive Directors:

Mr. Tsang Kwok Wai
Mr. Ruan Xiaofeng
Mr. 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

26 May 2022

To the Shareholders

Dear Sir or Madam,

**POSSIBLE VERY SUBSTANTIAL DISPOSAL
DISPOSAL MANDATE IN RELATION TO POTENTIAL DISPOSAL OF
SHARES IN GINWA ENTERPRISE (GROUP) INC.*
AND
NOTICE OF SPECIAL GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 7 April 2022 in relation to the Disposal Mandate.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with: (i) information relating to the Disposal Mandate; and (ii) a notice of the SGM.

II. DISPOSAL MANDATE

As at the Latest Practicable Date, Century Ginwa, a non-wholly-owned subsidiary of the Company, held an aggregate of 30,000,000 A-Shares, representing approximately 8.04% of the issued share capital of the A-Shares Company based on public information available to the Company as at the Latest Practicable Date.

The Company intends to seek the Shareholders' approval for the Disposal Mandate for possible Disposal of up to 30,000,000 A-Shares in one or more transactions. The Directors consider that the Company should obtain the approval of the Disposal Mandate from the Shareholders in advance so as to allow flexibility in effecting any future disposal(s) of the A-Shares (in whole or in part) expeditiously when market condition is favourable.

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

Period of the Disposal Mandate

The Disposal Mandate will be valid for a period of 12 months from the date of its approval from the Shareholders having been obtained.

Maximum number of A-Shares to be disposed of under the Disposal Mandate

The maximum number of A-Shares to be disposed of is 30,000,000 A-Shares (subject to adjustment in the event of a share consolidation or share subdivision of the A-Shares Company), being approximately 8.04% of the issued share capital of the A-Shares Company based on public information available to the Company as at the Latest Practicable Date.

Manner of Disposal under the Disposal Mandate

The Disposal under the Disposal Mandate may be conducted (i) through on-market transactions conducted on, or through block trade platform of, the Shanghai Stock Exchange where the A-Shares are listed; and/or (ii) by way of placing through block trade(s) to Independent Third Parties by entering into placing agreement(s) with placing agent(s). The terms and conditions for any block trade(s) will be negotiated on an arms' length basis and the Company will ensure the placing agent(s) to be engaged is/are properly reputable and licensed to carry on the activity of dealing in securities listed on the Shanghai Stock Exchange.

LETTER FROM THE BOARD

In deciding whether or not to effect a disposal pursuant to the Disposal Mandate, the Directors will take into account the then current market sentiment and the prevailing market prices of the A-Shares, subject to the following conditions:

- (i) the Disposal will be conducted on normal commercial terms and will be fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (ii) the price of the A-Shares to be disposed of pursuant to the Disposal Mandate will be settled in cash;
- (iii) the disposal price of each A share will be the highest of (a) no lower than RMB8.5 per A-Share; (b) the arithmetic average of the daily weighted average price for 30 trading days immediately prior to the date of the indicative announcement in relation to the Disposal to be published by the A-Shares Company; and (c) the audited net asset value per A-Share of the A-Shares Company for the most recent fiscal year (the audited net asset value per A-Share of the A-Share Company as at 31 December 2021 is RMB4.44); and
- (iv) the persons to whom the A-Shares will be disposed of and/or their respective ultimate beneficial owners, will, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, be Independent Third Parties, provided that in case where the Disposal is effected on open market, the identity of the counterparty to the Disposal may not be ascertained.

It is proposed that, pursuant to the Disposal Mandate, the Board will be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal, including but not limited to the number of batches of disposals, the number of A-Shares to be sold under each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s)) and the disposal price (subject to the parameters set out in paragraph (iii) above).

Basis for determining the disposal price

As aforesaid, the disposal price of each A-Share will be the highest of (a) no lower than RMB8.5 per A-Share (representing a premium of approximately 4.51% to the average closing price of A-Shares for the 30 consecutive trading days immediately prior to 7 April 2022); (b) the arithmetic average of the daily weighted average price for 30 trading days immediately prior to the date of the indicative announcement in relation to the Disposal to be published by the A-Shares Company; and (c) the audited net asset value per A-Share of the A-Share Company for the most recent fiscal year, which was determined taking into consideration of:

- (i) the original acquisition costs of RMB10.52 per A-Share; and

LETTER FROM THE BOARD

- (ii) the recent market price of the A-Shares, which as at the Latest Practicable Date, amounted to RMB7.80 per A-Share.

Based on the foregoing, the Directors consider that the basis for determining the disposal price (and the Minimum Disposal Price) is fair and reasonable.

Condition precedent

The Disposal Mandate shall be conditional upon the approval by the Shareholders at the SGM.

In the event that all 30,000,000 A-Shares held by Century Ginwa would be disposed by Century Ginwa pursuant to the Disposal Mandate, Century Ginwa shall cease to hold (directly or indirectly) any A-Share.

III. INFORMATION OF THE A-SHARES COMPANY

The A-Shares Company is a company established in the PRC, of which the A-shares are listed on the Shanghai Stock Exchange (Stock Code: 600080) since 12 June 1997. The A-Shares Company mainly operates in the pharmaceutical manufacturing industry and is principally engaged in the research and development, production and sale of pharmaceutical products.

According to the published consolidated financial statements of the A-Shares Company prepared in accordance with the PRC Accounting Standards, the financial results of the A-Shares Company for the two years ended 31 December 2020 and 2021 and the three months ended 31 March 2022 are as follow:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the three months ended 31 March 2022 RMB'000
Net profit/loss(loss shall be stated as "-") before taxation	46,263	-23,735	10,483
Net profit/loss (loss shall be stated as "-") after taxation	36,952	-18,160	9,280

LETTER FROM THE BOARD

The net assets value of the A-Shares Company as at 31 March 2022 was approximately RMB1,665.50 million. The A-Shares Company has a dividend policy in place which stipulates that (i) any dividend to be distributed every year shall not be less than 10% of the distributable profit as attributable to the parent company; and (ii) there should be at least one cash dividend distribution in every three consecutive years and the cumulative cash dividend distributed in any three-year period shall not be less than 30% of the annual average distributable profit realized in three-year period. For the years ended 31 December 2019 and 2020, the A-Shares Company declared dividend of RMB30 cents and RMB90 cents for every 10 A-Shares respectively. Total amounts of RMB900,000 and RMB2,700,000 of dividend payments were received for the A-Shares held by Century Ginwa for the year 2019 and year 2020, respectively. As the A-Shares Company recorded net losses for the year ended 31 December 2021, its board of directors did not recommend the payment of a dividend for the year.

As at the Latest Practicable Date, Century Ginwa held an aggregate of 30,000,000 A-Shares, representing approximately 8.04% of the issued share capital of the A-Shares Company based on public information available to the Company as at the Latest Practicable Date. The 30,000,000 A-Shares were acquired by the Century Ginwa at original acquisition costs of RMB315,600,000, representing an average of RMB10.52 per A-Share. As at 31 December 2021, the carrying value of the 30,000,000 A-Shares in the Group's accounts amounted to RMB255,900,000.

IV. REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE DISPOSAL MANDATE

Taking into consideration of the recent market price of the A-Shares, the Directors are of the view that the Disposal represents an opportunity for the Company to realize its investment in the A-Shares Company at a reasonable exit price whilst obtaining additional cash flow and enhancing liquidity for the Group.

Based on the recent fluctuant price movement of the A-Shares (it varied from RMB7.21 to RMB9.02 in the first quarter of year 2022), the Board is of the view that the market price of the A-Shares may continue to fluctuate due to the severe international situation and the impact of the repeated outbreak of the coronavirus (COVID-19), which may result in negative impact to the financials of the Group as a whole. Accordingly, it is the intention of Century Ginwa to dispose of the Group's investment in the A-Shares Company from time to time expeditiously when market conditions are favourable. However, a disposal (or series of disposals) of the entire 30,000,000 A-Shares will constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules and requires Shareholders' approval in a general meeting of the Company. Given the volatility of the stock market, disposing of A-Shares at the best possible price requires prompt actions at the right timing and it is not practicable to seek Shareholders' approval for each disposal of such number of A-Shares. Furthermore, due to the length of time required to meet the disclosure and Shareholders' approval requirements under Chapter 14 of the Listing Rules, market opportunities may be missed if approval from the Shareholders is not sought in advance. Therefore, the Company

LETTER FROM THE BOARD

intends to obtain the Disposal Mandate for the possible Disposal of up to 30,000,000 A-Shares in one or more transactions from the Shareholders in order to enable the Group to dispose of its A-Shares in an effective and efficient manner, and to allow flexibility in effecting any future disposal(s) of A-Shares (in whole or in part) expeditiously when market conditions are favourable. The Directors are of the view that the Disposal Mandate provides flexibility with the Group during the 12-month period to act promptly, effectively and efficiently to dispose of its investment in A-Shares at the appropriate time and at the appropriate prices in order to maximize the return to the Group. As such, the Directors consider that the Disposal Mandate and the Disposal contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

V. USE OF NET PROCEEDS

Given the maximum number of 30,000,000 A-Shares to be disposed of under the Disposal Mandate and the Minimum Disposal Price of RMB8.5 per A-Share, the gross proceeds from the Disposal will be approximately RMB255,000,000.

It is intended that 98% of the net proceeds from the Disposal will be used for repayment of a portion of the existing debts and the remaining 2% of the net proceeds will be used as general working capital of the Group.

Set forth below are the details of the outstanding principal of bank and other borrowings by the Group between the period from the Latest Practicable Date till June 2023:

Expected date of funding required	Amount (in RMB)
June 2022	345,009,000
July 2022	290,000,000
August 2022	640,000,000
September 2022	65,000,000
October 2022	120,000,000
November 2022	135,477,000
December 2022	119,060,000
January 2023	325,000,000
February 2023	155,000,000
March 2023	287,000,000
June 2023	61,000,000
Total	2,542,546,000

LETTER FROM THE BOARD

The outstanding principal of bank and other borrowings will be renewed or repaid by the Group using the Group's internal resources and proceeds from the Disposal. Based on the Company's ongoing communication with the relevant banks and other financial institutions, even if the Disposal will not be materialized, it is believed that the Group will be able to renew the existing facilities and/or enter into new facilities from time to time to meet the Group's financial obligations. Accordingly, taking into consideration of (i) the Group's existing cash balances; and (ii) the existing banking and other facilities and financial resources presently available to the Group, in particular, the financial support from Qujiang Cultural Financial Holdings (Group) Co., Ltd, an intermediate shareholder of the Company, the Directors are of the view that the Group will have sufficient working capital to meet its financial obligations for the next 12 months from the date of this circular.

VI. FINANCIAL EFFECT OF THE DISPOSAL

Given the maximum number of 30,000,000 A-Shares to be disposed of under the Disposal Mandate and the Minimum Disposal Price of RMB8.5 per A-Share, the gross proceeds from the Disposal will be approximately RMB255,000,000.

The 30,000,000 A-Shares held by Century Ginwa were recognised as financial assets measured at fair value through other comprehensive income in the Group's consolidated financial statements after initial application of HKFRS 9, *Financial instruments* from 1 April 2018.

Assuming all 30,000,000 A-Shares were sold at the Minimum Disposal Price, the total cash assets of the Group would be increased by RMB255,000,000. A decrease in net assets of approximately RMB900,000 will be incurred. The decrease in net assets is calculated with reference to the difference between the carrying value of the 30,000,000 A-Shares as at 31 December 2021 and the gross proceeds from the Disposal. The final financial effect on the Disposal will be subject to actual selling prices of A-Shares.

VII. EFFECTS ON THE ASSETS AND LIABILITIES OF THE GROUP

Pursuant to the unaudited pro forma financial information of the Group as set out in Appendix III of this circular, assuming all the A-Shares held by the Group were disposed of on 31 December 2021, the pro forma consolidated total assets of the Group would be approximately RMB7,208.55 million, representing a decrease of RMB0.90 million as compared with the total assets of the Group as at 31 December 2021; and the pro forma consolidated total liabilities of the Group would be approximately RMB5,401.19 million, which is the same as the total liabilities of the Group as at 31 December 2021.

VIII. EFFECTS ON THE PROFITABILITY OF THE GROUP

Pursuant to the unaudited pro forma financial information of the Group as set out in Appendix III of this circular, assuming all the A-Shares held by the Group were disposed of on 1 January 2021, the pro forma consolidated loss for the year ended 31 December 2021 of the Group would be approximately RMB381.44 million.

LETTER FROM THE BOARD

IX. INFORMATION ON THE COMPANY AND CENTURY GINWA

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.

Century Ginwa is a non-wholly owned subsidiary of the Company owned as to 83.88% by the Company, principally engaged in operation of department store in the PRC.

X. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal as contemplated thereunder the Disposal Mandate exceeds 75%, the Disposal as contemplated thereunder the Disposal Mandate constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.68(2)(a)(i) of the Listing Rules, for a circular issued in relation to a very substantial disposal, it is required that financial information of either (a) the A-Shares Company; or (b) the Group with the A-Shares Company being shown separately, to be included in the circular in relation to the Disposal, where such financial information must be reviewed by the Company's auditors or reporting accountants according to the relevant accounting standards as specified under Rule 14.68(2)(a)(i) of the Listing Rules (the "**Rules Requirements**"). According to Note 2 to Rule 14.68(2)(a)(i) of the Listing Rules, it provides that the Stock Exchange may be prepared to relax the Rules Requirements if the assets of the A-Shares Company are not consolidated in the accounts of the Group before the Disposal. In this connection, the Company has applied to the Stock Exchange for a waiver from strict compliance with the Rules Requirements on the following grounds:

- (1) As of the Latest Practicable Date, Century Ginwa held an aggregate of 30,000,000 A-Shares, representing approximately 8.04% of the issued share capital of the A-Shares Company based on public information available to the Company. Such 30,000,000 A-Shares were recognised as financial assets measured at fair value through other comprehensive income in the Group's consolidated financial statements after initial application of HKFRS 9, *Financial instruments* from 1 April 2018 and the financial results of the A-Shares Company have never been consolidated in the accounts of the Group before the Disposal.

LETTER FROM THE BOARD

- (2) The Company does not have any board representation in the A-Shares Company and hence the Company cannot intervene with the A-Shares Company's management to allow the Company's auditors or reporting accountants to perform the proposed review procedure in accordance with Hong Kong Standard on Review Engagement 2400 "Engagements to Review Historical Financial Statements".
- (3) Following discussion between the Company and KPMG, the auditor of the Company, regarding proposed procedure for complying with Rule 14.68(2) (the "**Review Work**"), the Company considers that it will be unduly burdensome, time consuming and costly to the Company for conducting the Review Work. In addition, the Company also encountered practical difficulties for conducting the Review Work. For example, the Company has made a request to the A-Shares Company to access the underlying books and records of the A-Shares Company. However, the A-Shares Company rejected such request based on the reasons that (i) the annual report with audited financial report of the A-Shares Company for the past three years (2019-2021) have been disclosed and are available on the official website of Shanghai Stock Exchange; and (ii) as a listed company, the A-Shares Company is not allowed to disclose its financial information which is not publicly available to an individual shareholder under relevant rules and regulations. In other words, strict compliance with Rule 14.68(2)(a)(i) of the Listing Rules is not practicable or possible for the Company.
- (4) The A-Shares Company is a company listed on the Shanghai Stock Exchange and the relevant financial information (for each of the three financial years ended 31 December 2019, 2020 and 2021) has already been disclosed in the published annual financial statements of the A-Shares Company which were prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"). Such financial statements were audited by the auditor of the A-Shares Company in accordance with China Standards on Auditing, among which the financial statements for the year ended 31 December 2019 (the "**2019 Financial Statement**") were with qualified opinion issued. According to the 2019 Financial Statement, the amount of occupied capital (i.e. the loans advanced by the A-Share Company to its controlling shareholders and its related parties) confirmed by the A-Shares Company's controlling shareholders and its related parties totaled RMB170,584,100, of which the principal amount was RMB167,720,000 and the interest on occupied capital was RMB2,864,100. As of the date of the 2019 Financial Statement, being 28 April 2020, the above-mentioned occupied capital of related parties had been settled in the amount of RMB223,100 and RMB170,361,000 was outstanding. The auditor of the A-Shares Company was unable to obtain sufficient and appropriate audit evidence to determine the impact of the above-mentioned capital occupied by the controlling shareholder on the potential loss of the A-Shares Company. Except for possible impact of the aforesaid, the auditor of the A-Shares Company considered the 2019 Financial Statement presents fairly, in all material respects, the consolidated financial position of the A-Shares Company and the financial position

LETTER FROM THE BOARD

of the parent company as at 31 December 2019 and the consolidated and the parent company's operating performance and cash flows. On 12 August 2020, both the board of directors and the auditor of the A-Shares Company confirmed that the impact of the matter referred to in the qualified opinion for the 2019 Financial Statement has been eliminated. The financial statements of the A-Shares Company for the subsequent two years ended 31 December 2020 and 2021 were with unqualified audit opinion issued. The Directors have compared the significant accounting policies adopted by the A-Shares Company as disclosed in the published financial statements of the A-Shares Company with the accounting policies adopted by the Company. Based on the published financial statements of the A-Shares Company and to the best of the knowledge, information and belief of the Directors, the Directors are of the view that there are no material differences between the financial statements of the A-Shares Company for the three years ended 31 December 2019, 2020 and 2021 prepared in accordance with the accounting policies adopted by the A-Shares Company under CASBE and those as if they were prepared in accordance with the accounting policies adopted by the Company under Hong Kong Financial Reporting Standards.

- (5) The Company will include in the circular, as alternative disclosure, the summary of financial information of the A-Shares Company for each of the three financial years ended 31 December 2019, 2020 and 2021 which are extracted from the respective published audited annual reports. Considering point (4) as mentioned above, coupling with the alternative disclosure, the circular will contain relevant information for the Shareholders to consider the Disposal.

The Stock Exchange has granted a waiver to the Company from strict compliance with the Rules Requirements in this circular.

Please refer to the Appendix II to this circular for the summary of audited financial information of the A-Shares Company for each of the three financial years ended 31 December 2019, 2020 and 2021.

LETTER FROM THE BOARD

XI. GENERAL

As at the Latest Practicable Date, none of the Directors has a material interest in the Disposal as contemplated thereunder the Disposal Mandate and was required to abstain from voting from the Board resolutions for considering and approving the Disposal as contemplated thereunder the Disposal Mandate pursuant to the bye-laws of the Company and applicable laws and regulations.

XII. SGM

A notice of the SGM to be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Thursday, 7 July 2022 at 11:30 a.m. is set out on pages 61 to 63 of this circular. At the SGM, an ordinary resolution will be proposed to consider and, if thought fit, to approve the Disposal as contemplated thereunder the Disposal Mandate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders are considered to be interested in the Disposal and are required to abstain from voting at the SGM.

A form of proxy for use in connection with the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed hereon to the share registrar of the Company, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event by not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting thereof) should you so wish.

Completion of the Disposal is conditional upon the satisfaction of the condition set out in the section headed "Condition Precedent" in this circular. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

XIII. VOTING BY POLL

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

LETTER FROM THE BOARD

XIV. RECOMMENDATION

The Board considers that the Disposal Mandate and the Disposal contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and accordingly recommends that all Shareholders should vote in favour of the ordinary resolutions set out in the notice of SGM.

XV. ADDITIONAL INFORMATION

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

On behalf of the Board
Century Ginwa Retail Holdings Limited
Huang Shunxu
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

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

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

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

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

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

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

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

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the first quarter of 2022, despite the ongoing repeated occurrence of COVID-19 pandemic and the obvious impact of the current round of the pandemic on individual cities, the overall trend was upward and optimistic in the PRC and the domestic consumer market continued to recover. Due to the intermittent impact of the pandemic, the offline physical retail sales increased significantly faster than the online ones. That being said, thanks to a series of government measures to promote consumption and more precise and effective pandemic prevention measures, offline physical retail operations generally sustained growth. Amid the overall environment of stable pandemic prevention and control situation in Xi'an, where the Group principally operate its businesses, the consumer market across the city maintained a recovery momentum reflected by the released consumer demand, and the optimised consumer market structure.

Faced with the impact of the pandemic and fierce industry competition, the Group kept upholding the philosophy of “To do the best, and never change”, made steady strides towards efficient growth, and adopted a series of measures to continuously enhance its core competitiveness. We have been emphasizing the “customer-centered” concept. In this sense, we pay attention to the smallest details to improve service quality, and optimise store operation model. In addition, we strengthen risk awareness, improve management mechanism, and increase management efficiency.

In the post-pandemic era, as the dual-circulation pattern in which domestic economic cycle plays a leading role is gaining momentum, and consumption behavior and the consumer market are undergoing profound changes, the online and offline integration has become inevitable. The accelerated development of new business models and smart retail is becoming an industry consensus.

The Company redefines the existing commercial projects that each project has its own unique tonality, and becomes a commercial complex focusing on the purpose-based consumption of a certain customer group, thereby transforming into an urban destination center. While doubling its efforts in the principal business of department stores and shopping malls, it strives to expand the fresh business and asset-light business in the community, and export its outstanding operating capabilities to ensure the overwhelming market share of Century Ginwa in the future and enhance its brand influence. Furthermore, the Company will speed up its digital process, enhance user experience, develop new marketing and interaction models, and improve the membership system.

We will continue to refine our ability to access information and integrate resources, acquire keen insights. Leveraging on strong brand strength, accumulated resources and outstanding operational efficiency, we will achieve good financial performance, so as to promote the long-term healthy and sustainable development of the Group.

3. STATEMENT OF INDEBTEDNESS

**Century Ginwa Retail Holdings Limited (the “Company”)
and its subsidiaries (the “Group”)**

Statement of Indebtedness as at 31 March 2022

	Balance at 31 March 2022 <i>RMB'000</i>
Bank loans	
- Secured and guaranteed	999,000
- Unsecured and guaranteed	70,000
	1,069,000
Loans from other financial institutions	
- Secured and guaranteed	940,000
- Unsecured and guaranteed	9,560
- Unsecured and unguaranteed	1,781,962
	2,731,522
Lease liabilities	
- Unsecured and unguaranteed	275,625
	4,076,147
Total outstanding debts	4,076,147
Material contingent liabilities	

At the close of business on 31 March 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group has issued the following material guarantees:

A guarantee provided by a subsidiary of the Company in respect of a payable for acquisition of a property by Ginwa Investments Holding Group Ltd. (“**Ginwa Investments**”) in August 2005. Ginwa Investments has defaulted repayment of the above payable. The Directors do not consider it is probable that a claim will be made against the Group under the guarantee. The maximum liability of the Group at 31 March 2022 under the guarantee issued is the outstanding amount of the liability of RMB9,500,000 plus accrued interest.

Saved as aforesaid and apart from intra-group liabilities and normal trade payable in the ordinary course of business, the Group did not, at the close of business on 31 March 2022, have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, term loans (whether guaranteed, unguaranteed, secured and unsecured), debts securities or any other similar indebtedness (whether guaranteed, unguaranteed, secured and unsecured) or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptable credits or any guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. WORKING CAPITAL

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

6. MANAGEMENT DISCUSSION AND ANALYSIS

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

FOR THE YEAR ENDED 31 MARCH 2020

Financial Results

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

- (i) Gross revenue of the Group for the year ended 31 March 2020 decreased to RMB1,812.7 million as compared to RMB2,729.1 million for the year ended 31 March 2019. The decrease was primarily due to increased market competition arising from surrounding shopping malls and online retail shops which leads to a decrease in concession sales during the year.

- (ii) Annualized area efficiency (annualized gross revenue per department store average operating area) for the year ended 31 March 2020 was RMB21,200 per square meter, as compared to RMB31,600 for the year ended 31 March 2019.
- (iii) Revenue of the Group for the year ended 31 March 2020 decreased to RMB642.0 million as compared to RMB1,054.1 million for the year ended 31 March 2019. The decline was primarily attributable to drop in sales of goods and concession sales.

	Year ended 31 March 2020		
	Department stores and shopping mall	Supermarkets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	373,898	268,114	642,012
Segment Results	(520,125)	(13,074)	(533,199)

- (iv) The rental income and management and administrative service fee income of the Group for the year ended 31 March 2020 were RMB114.5 million, as compared to RMB133.6 million for the year ended 31 March 2019.
- (v) The Group's operating loss for the year ended 31 March 2020 was RMB1,169.3 million as compared to the operating loss of RMB159.7 million for the year ended 31 March 2019. Regardless of the impairment losses on goodwill of RMB470.6 million and expected credit loss on receivables due from the Prepaid Card Management Company of RMB586.5 million recorded in this year, the operating profit margin (profit from operation over gross revenue) decreased from 1.3% to -6.2%.
- (vi) Net finance costs for the year ended 31 March 2020 were RMB118.5 million (2019: RMB88.1 million). The increase in net finance cost was mainly due to increase in balances of bank and other borrowings.
- (vii) The Group's loss for the year ended 31 March 2020 and loss attributable to shareholders of the Company were RMB1,312.6 million (2019: RMB263.8 million) and RMB1,279.1 million (2019: RMB261.6 million) respectively.

Liquidity and Financial Resources

As at 31 March 2020, the Group's consolidated net asset value was RMB2,708.7 million (2019: RMB4,088.2 million). As at 31 March 2020, the Group had cash at bank and on hand amounting to RMB500.8 million (2019: RMB544.7 million). The current ratio of the Group as at 31 March 2020 was 0.27 (2019: 0.52). The gearing ratio, being bank and other borrowings less cash at bank and on hand divided by the total equity, as at 31 March 2020, was 0.81 (2019: 0.45).

Bank and Other Borrowings

Bank balances and cash of the Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits. The bank balances and cash of the Group were RMB500.8 million as at 31 March 2020 (2019: RMB544.7 million). The bank borrowings of the Group were RMB2,707.4 million as at 31 March 2020 (2019: RMB2,364.4 million).

Contingent Liabilities

As at 31 March 2020, the Group has issued the following guarantees:

- (a) A guarantee provided by Ginwa Bell Tower in respect of an interest-bearing bank loan drawn by an independent third party in 2005. The loan will mature in July 2020. In September 2010, Ginwa Investments provided a counter-guarantee to indemnify Ginwa Bell Tower on any losses incurred arising from the above guarantee. As of 31 March 2020, the outstanding loan balance is RMB60,680,000 (2019: RMB60,680,000).
- (b) A guarantee provided by Ginwa Bell Tower in respect of a payable for acquisition of a property by Ginwa Investments in August 2005. Ginwa Investments has defaulted repayment of the above payable. As of 31 March 2020, the outstanding balance of the payable is RMB9,500,000 (2019: RMB9,500,000).

As at 31 March 2020, the directors of the Company do not consider it is probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group at the end of the reporting period under the guarantees issued is the outstanding amount of the bank loans and liability of RMB70,180,000 (2019: RMB670,180,000) plus accrued interest.

Material Acquisition and Disposal and Significant Investments

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

Charge on the Group's Assets

As at 31 March 2020, property, plant and equipment with an aggregate net book value of approximately RMB2,857,700,000 (2019: RMB1,997,400,000), investment property amounting to RMB1,265,300,000 (2019: RMB1,294,000,000), other financial assets amounting to RMB182,400,000 (2019: RMB252,600,000) and cash at bank and on hand amounting to RMB443,100,000 (2019: RMB287,100,000) of the Group had been pledged to secure the Group's bank and other borrowings.

Material Plan for Investment or Capital Assets

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

Human Resources

As at 31 March 2020, the number of the Group's staffs was approximately 6,500 (2019: 7,000), including directly employed approximately 1,500 (2019: 1,700) full time employees, and the remaining were concession sales staffs managed on behalf of the suppliers. Most of the employees are employed in Mainland China. The directly employed employees' remuneration, promotion and salary increments are assessed based on both individuals' and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staffs based on their performance and contribution to the Group. The Group regards high-calibre staffs as one of the key factors to corporate success. The staff cost of the Group for the year ended 31 March 2020 is RMB125.2 million.

Foreign Exchange Exposure

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

Financial Results

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

- (i) Gross revenue of the Group for the nine months ended 31 December 2020 decreased to RMB1,282.0 million as compared to RMB1,812.7 million for the year ended 31 March 2020. The decline was primarily attributable to a drop in concession sales and sales of goods.
- (ii) Annualised area efficiency (annualised gross revenue per average operating area of department stores) for the nine months ended 31 December 2020 was RMB20,600 per square meter, as compared to RMB21,200 per square meter for the year ended 31 March 2020.
- (iii) Revenue of the Group for the nine months ended 31 December 2020 decreased to RMB397.0 million as compared to RMB642.0 million for the year ended 31 March 2020. The decline was due to a drop in concession sales and sales of goods.

	Nine months ended 31 December 2020		
	Department stores and shopping mall	Supermarkets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	223,973	173,048	397,021
Segment Results	(124,888)	1,107	(123,781)

- (iv) The gross rental income and management and administrative service fee income of the Group for the nine months ended 31 December 2020 were RMB77.6 million, as compared to RMB114.5 million for the year ended 31 March 2020.
- (v) The Group's loss from operations (EBIT) for nine months ended 31 December 2020 was RMB603.0 million as compared to loss of RMB1,169.3 million for the year ended 31 March 2020. The operating profit margin (loss from operations over gross revenue) changed from -64.5% to -47.0%.
- (vi) Net finance costs of the Group for the nine months ended 31 December 2020 were RMB115.8 million (year ended 31 March 2020: RMB118.5 million).

- (vii) The Group's loss for the nine months ended 31 December 2020 and loss attributable to shareholders of the Company were RMB665.2 million (year ended 31 March 2020: RMB1,312.6 million) and RMB635.1 million (year ended 31 March 2020: RMB1,279.1 million) respectively. The Group's loss for the nine months ended 31 December 2020 was mainly due to the impairment losses on goodwill and intangible assets of RMB365.9 million (year ended 31 March 2020: RMB470.6 million) and an increase in provisions for obligation from Cash Coupon Card (customers' prepaid cards within the Group's department stores, shopping mall and supermarkets) to be consumed of RMB194.5 million (year ended 31 March 2020: RMB94.0 million).

Liquidity and Financial Resources

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

Bank and Other Borrowings

Bank balances and cash of the Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits. The bank balances and cash of the Group were RMB393.6 million as at 31 December 2020 (31 March 2020: RMB500.8 million). The bank borrowings of the Group were RMB3,115.5 million as at 31 December 2020 (31 March 2020: RMB2,707.4 million).

Material Acquisition and Disposal and Significant Investments

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

Charge on the Group's Assets

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

Material Plan for Investment or Capital Assets

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

Contingent Liabilities

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

Human Resources

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

Foreign Exchange Exposure

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

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Results

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

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

Year ended 31 December 2021

	Year ended 31 December 2021		
	Department stores and shopping mall <i>RMB'000</i>	Supermarkets <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	250,237	244,043	494,280
Segment Results	27,387	12,736	40,123

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

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

Liquidity and Financial Resources

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

Bank and Other Borrowings

Bank balances and cash of the Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits. The bank balances and cash of the Group were RMB36.5 million as at 31 December 2021 (31 December 2020: RMB393.6 million). The bank borrowings of the Group were RMB3,611.1 million as at 31 December 2021 (31 December 2020: RMB3,115.5million).

Contingent Liabilities

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

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

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

Charge on the Group's Assets

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

Material Plan for Investment or Capital Assets

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

Human Resources

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

Foreign Exchange Exposure

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

Consolidated Statement of Profit or Loss

For the year ended 31 December

Ginwa Enterprise (Group) Inc.*

Unit: Yuan Currency: RMB

Items	2019	2020	2021
I. Total operating revenue	754,544,013.66	668,180,334.76	534,036,500.95
Including: Operating revenue	754,544,013.66	668,180,334.76	534,036,500.95
Interest income			
Premiums earned			
Handling charges and commission income			
II. Total operating costs	722,969,788.34	655,932,430.96	526,754,251.76
Including: Operating costs	215,601,504.47	196,073,508.89	134,195,103.30
Interest expenses			
Handling charges and commission expenses			
Surrender payment			
Net expenditure for compensation			
Net provision for insurance liability deposits			
Policyholder dividend expenses			
Reinsurance costs			
Taxes and surcharges	14,591,758.73	12,693,490.48	12,799,772.97
Selling expenses	417,450,340.85	367,373,037.64	315,056,505.52
Administrative expenses	60,969,807.91	68,805,226.85	49,722,190.26
Research and development expenses	18,170,578.62	20,071,517.61	15,655,776.20
Finance expenses	-3,814,202.24	-9,084,350.51	-675,096.49
Including: Interest expenses	3,021,921.42	3,494,166.06	2,183,449.42
Interest income	9,698,267.60	9,854,768.85	2,969,781.17
Add: Other income	4,415,065.94	2,989,943.25	562,012.05
Investment income (loss stated with “-”)	24,246,850.88	26,840,662.19	29,489,797.19
Including: Investment income from associates and joint venture	17,910,305.05	19,039,077.39	18,239,785.97
Gains on derecognition of financial assets measured at amortised cost			
Exchange gains (loss stated with “-”)			
Gains on net exposure hedges (loss stated with “-”)			
Profit arising from changes in fair value (loss stated with “-”)	228,113.89	1,948,199.47	4,775,304.55
Impairment losses on credit (loss stated with “-”)	-15,983,097.03	-561,201.49	1,734,225.15
Impairment losses on assets (loss stated with “-”)	-2,033,198.03		
Gains from disposal of assets (loss stated with “-”)	-71.07	47,145.76	

APPENDIX II**FINANCIAL INFORMATION OF THE
A-SHARES COMPANY**

Items	2019	2020	2021
III. Operating profit (loss stated with “-”)	42,447,889.90	43,512,652.98	43,843,588.13
Add: Non-operating income	135,211.06	3,178,439.39	11,179.20
Less: Non-operating expenses	820,924.47	428,010.57	67,589,669.47
IV. Total profit (total loss stated with “-”)	41,762,176.49	46,263,081.80	-23,734,902.14
Less: Income tax expenses	15,351,850.93	9,310,879.20	-5,574,450.02
V. Net profit (net loss stated with “-”)	26,410,325.56	36,952,202.60	-18,160,452.12
(I) Classified according to continuity of operations			
1. Net profit from continuing operations (net loss stated with “-”)	26,410,325.56	36,952,202.60	-18,160,452.12
2. Net profit from discontinued operations (net loss stated with “-”)			
(II) Classified according to the ownership			
1. Net profit attributable to the owners of the Company (net loss stated with “-”)	25,902,673.81	37,738,016.78	-18,160,452.12
2. Minority interests (net loss stated with “-”)	507,651.75	-785,814.18	
VI. Other comprehensive income (net of tax)	-29,273,772.88	-28,447,364.54	-13,985,524.31
(I) Other comprehensive income attributable to the owners of the Company	-29,273,772.88	-28,447,364.54	-13,985,524.31
1. Other comprehensive income that will not be reclassified into profit or loss	-29,273,772.88	-28,447,364.54	-13,895,768.20
(1) Changes arising from remeasurement of defined benefit			
(2) Other comprehensive income which cannot be reclassified into profit and loss under equity method			
(3) Changes in fair value of investment in other equity	-29,273,772.88	-28,447,364.54	-13,895,768.20
(4) Changes in fair value of the enterprise’s own credit risk			
2. Other comprehensive income that will be reclassified into profit or loss			-89,756.11
(1) Other comprehensive income which can be reclassified into profit and loss under equity method			-89,756.11
(2) Changes in fair value of investment in other debt			
(3) Financial assets reclassified into other comprehensive income			
(4) Provision for credit impairments of other debt investments			

APPENDIX II**FINANCIAL INFORMATION OF THE
A-SHARES COMPANY**

Items	2019	2020	2021
(5) Cash flow hedge reserve			
(6) Exchange differences on foreign currency			
(7) Others			
(II) Other comprehensive income attributable to minority shareholders (net of tax)			
VII. Total comprehensive income	-2,863,447.32	8,504,838.06	-32,145,976.43
(I) Total comprehensive income attributable to the owners of the Company	-3,371,099.07	9,290,652.24	-32,145,976.43
(II) Total comprehensive income attributable to minority shareholders	507,651.75	-785,814.18	
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	0.07	0.11	-0.05
(II) Diluted earnings per share (RMB/share)	0.07	0.11	-0.05

Consolidated Balance Sheet

As at 31 December

Ginwa Enterprise (Group) Inc.*

Unit: Yuan Currency: RMB

Items	31 December 2019	31 December 2020	31 December 2021
Current assets:			
Monetary fund	298,343,478.10	369,953,518.26	160,802,837.08
Clearing settlement funds			
Placements with banks and other financial institutions			
Financial assets held for trading	89,179,845.16	323,582,109.90	490,182,765.50
Derivative financial assets			
Bills receivables			
Accounts receivables	153,992,679.08	152,142,019.93	115,263,438.94
Receivables financing	23,067,613.76	20,799,308.03	18,900,094.88
Prepayments	25,029,891.74	18,244,251.26	25,014,129.04
Premium receivables			
Receivables from reinsurers			
Reinsurance deposits receivables			
Other receivables	177,736,359.18	1,521,363.94	2,549,412.84
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	52,078,951.70	39,534,751.78	34,707,107.67
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	90,774,623.57	1,631,517.94	5,213,259.97
Total current assets	910,203,442.29	927,408,841.04	852,633,045.92
Non-current Assets:			
Issued loan and prepayment			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	308,084,275.56	318,123,352.95	325,291,112.81
Other equity instruments investment	84,617,921.20	51,150,433.50	34,802,470.91
Other non-current financial assets			
Investment properties	1,668,519.57	1,581,567.69	1,494,615.81

APPENDIX II**FINANCIAL INFORMATION OF THE
A-SHARES COMPANY**

Items	31 December 2019	31 December 2020	31 December 2021
Fixed assets	345,257,562.07	327,250,842.86	307,913,734.57
Construction in progress	193,037,292.79	189,846,839.37	190,896,275.67
Biological assets for production use			
Oil and gas assets			
Right-of-use assets			
Intangible assets	65,318,763.38	63,561,542.24	78,549,705.11
Development expenses	19,028,048.46	22,259,372.39	9,027,432.38
Goodwill			
Long-term deferred expenses	2,837,035.90	2,497,009.72	1,252,166.53
Deferred income tax assets	14,296,191.03	18,953,911.09	29,895,825.84
Other non-current assets	35,502,588.00	35,940,588.00	38,431,688.00
Total non-current assets	1,069,648,197.96	1,031,165,459.81	1,017,555,027.63
Total assets	1,979,851,640.25	1,958,574,300.85	1,870,188,073.55
Current Liabilities:			
Short-term borrowings			
Borrowings from central bank			
Due to banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payables	2,967,837.74		
Accounts payables	37,116,710.72	13,465,771.02	15,740,872.37
Advances payments	7,722,121.94	232,266.96	212,896.64
Contract liabilities		7,208,395.87	3,778,580.34
Financial assets sold under agreements to repurchase			
Absorbing deposit and interbank deposit			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Staff remuneration payables	6,035,440.35	5,012,948.51	6,366,595.68
Taxes payable	20,009,326.05	17,886,208.53	7,917,204.59
Other payables	135,054,229.06	137,369,982.26	115,929,687.18
Including: Interest payable	127,534.25		
Dividends payable	392,600.00	392,600.00	392,600.00
Handling charges and commission			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		50,099,305.56	
Other current liabilities		761,238.63	312,150.62
Total current liabilities	208,905,665.86	232,036,117.34	150,257,987.42

APPENDIX II**FINANCIAL INFORMATION OF THE
A-SHARES COMPANY**

Items	31 December 2019	31 December 2020	31 December 2021
Non-current Liabilities:			
Reserve of insurance contract			
Long-term borrowings	50,000,000.00		
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term accounts payable			
Long-term staff remuneration payables			
Accrued liabilities			58,459,219.81
Deferred income	318,000.00	310,050.00	278,250.00
Deferred income tax liabilities	4,901,190.75	4,889,234.81	4,974,897.63
Other non-current liabilities			
Total non-current liabilities	55,219,190.75	5,199,284.81	63,712,367.44
Total liabilities	264,124,856.61	237,235,402.15	213,970,354.86
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	373,270,285.00	373,270,285.00	373,270,285.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	812,465,777.89	820,726,554.25	821,345,676.32
Less: Treasury shares			
Other comprehensive income	-67,709,992.27	-96,157,356.81	-110,142,881.12
Special reserve			
Surplus reserve	117,052,243.76	120,830,977.73	120,830,977.73
General risk provision			
Undistributed profit	479,907,264.27	502,668,438.53	450,913,660.76
Total owners' equity (or shareholders' equity) attributable to owners of the Company	1,714,985,578.65	1,721,338,898.70	1,656,217,718.69
Minority interests	741,204.99		
Total owners' equity (or shareholders' equity)	1,715,726,783.64	1,721,338,898.70	1,656,217,718.69
Total liabilities and owners' equity (or shareholders' equity)	1,979,851,640.25	1,958,574,300.85	1,870,188,073.55

Consolidated Cash Flow Statements

For the year ended 31 December

Ginwa Enterprise (Group) Inc.*

Unit: Yuan Currency: RMB

Items	2019	2020	2021
I. Cash flows from operating activities:			
Cash received from selling goods and rendering services	803,452,703.68	684,278,195.58	582,362,685.77
Net increase in deposits from customers and placements from banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions			
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits from policyholders and investments			
Cash received from interest, handling charges and commissions			
Net increase in placements from banks			
Net increase in fund for repurchases of businesses			
Net cash received from securities trading agency services			
Refund of tax and levies received			
Cash received relating to other operating activities	25,156,882.89	16,308,825.67	4,594,665.14
Sub-total of cash inflow from operating activities	828,609,586.57	700,587,021.25	586,957,350.91
Cash paid for purchase of goods and receipt of services	164,862,676.64	109,048,487.70	81,106,775.11
Net increase in loans and advances to customers			
Net increase in placements with central bank and other financial institutions			
Cash paid for claims on original insurance contracts			
Net increase in placements with banks and other financial institutions			
Cash payment for interest, handling charges and commissions			
Cash payment for policyholder dividend			
Cash paid to and paid for employees	70,197,492.01	68,178,589.25	75,766,302.71
Taxes paid	83,161,035.18	81,601,969.67	75,919,606.06
Cash paid relating to other operating activities	398,942,878.71	395,199,604.45	323,569,993.10
Sub-total of cash outflow from operating activities	717,164,082.54	654,028,651.07	556,362,676.98
Net cash flow from operating activities	111,445,504.03	46,558,370.18	30,594,673.93

APPENDIX II
**FINANCIAL INFORMATION OF THE
A-SHARES COMPANY**

Items	2019	2020	2021
II. Cash flows from investing activities:			
Cash received from disinvestments			35,511,816.94
Cash received from returns on investments	6,324,735.00	20,959,235.02	18,332,317.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15,733.00	118,776.00	20,873.25
Net cash received from disposal of subsidiaries and other business units*		761,275.17	
Cash received relating to other investing activities	1,936,189,663.08	1,535,120,000.00	771,000,000.00
Sub-total of cash inflow from investing activities	1,942,530,131.08	1,556,959,286.19	824,865,007.36
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	63,479,738.29	10,345,736.14	12,036,036.84
Cash paid to acquire investment			57,730,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities	2,031,307,335.29	1,509,500,000.00	908,000,000.00
Sub-total of cash outflow from investing activities	2,094,787,073.58	1,519,845,736.14	977,766,036.84
Net cash flows from investing activities	-152,256,942.50	37,113,550.05	-152,901,029.48
III. Cash flows from financing activities:			
Cash received from capital contribution	50,000,000.00		
Including: Cash received from capital contributions by minority shareholders of subsidiaries			
Cash received from borrowings			
Cash received relating to other financing activities			
Sub-total of cash inflow from financing activities	50,000,000.00		
Cash repayments of borrowings	50,000,000.00		50,000,000.00
Cash payments for distribution of dividends and profits or interest expenses	17,645,936.38	14,596,580.74	36,844,325.63
Including: Dividends and profit paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities			
Sub-total of cash outflow from financing activities	67,645,936.38	14,596,580.74	86,844,325.63
Net cash flows from financing activities	-17,645,936.38	-14,596,580.74	-86,844,325.63
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents			
Add: Balance of cash and cash equivalents at the beginning of the period	-58,457,374.85	69,075,339.49	-209,150,681.18
	356,800,852.95	298,343,478.10	367,418,817.59
VI. Balance of cash and cash equivalents at the end of the period			
	298,343,478.10	367,418,817.59	158,268,136.41

Consolidated Statement of Change in Equity
For the year ended 31 December 2019

Ginwa Enterprise (Group) Inc.*

Unit: Yuan Currency: RMB

Items	Paid-in capital (or share capital)	Preferred shares	Other equity instrument Perpetual bonds	2019 Equity attributable to owners of the parent company					Undistributed profits	General risk reserves	Surplus reserves	Special reserves	Other income	Treasury shares	Less: comprehensive income	Others	Subtotal	Minority interests	Total owners' equity
				Capital reserves	Capital reserves	Capital reserves	Capital reserves	Capital reserves											
I. Balance at the end of the last year	373,270,285.00			811,978,888.08						114,733,557.54	114,733,557.54					1,771,236,818.70	233,553.24	1,771,470,371.94	
Add: Changes in accounting policies																			
Correction of accounting errors in prior periods																			
Business combination under the same control																			
Others																			
II. Balance at the beginning of the year	373,270,285.00			811,978,888.08						114,733,557.54	114,733,557.54					1,732,806,590.31	233,553.24	1,733,034,122.55	
III. Increases/decreases in the current period (decreases stated with "-")																			
(I) Total comprehensive income																			
(II) Capital contributed or reduced by owners																			
1. Ordinary shares contributed by owners																			
2. Capital contributed by the holders of other equity instruments																			
3. Amounts of share-based payments recognized in owners' equity																			
4. Others																			
(III) Profit distribution																			
1. Withdrawal of surplus reserves																			
2. Withdrawal of general risk reserves																			
3. Profits distributed to owners (or shareholders)																			
4. Others																			
(IV) Internal carry-forward of owners' equity																			
1. Conversion of capital reserves into paid-in capital (or share capital)																			
2. Conversion of surplus reserves into paid-in capital (or share capital)																			
3. Losses offset by surplus reserves																			
4. Carry-forward of changes in the defined benefit plan for retained earnings																			
5. Carry-forward of other comprehensive income for retained earnings																			
6. Others																			
(V) Special reserves																			
1. Amount withdrawn for the period																			
2. Amount used for the period																			
(VI) Others																			
IV. Balance at the end of the period	373,270,285.00			812,465,777.89						117,052,243.76	117,052,243.76					1,714,985,578.65	741,204.99	1,715,726,783.64	

Consolidated Statement of Change in Equity
For the year ended 31 December 2020

Ginwa Enterprise (Group) Inc.*

Unit: Yuan Currency: RMB

Items	Paid-in capital (or share capital)	Other equity instrument				Equity attributable to owners of the parent company				Undistributed profits	Subtotal	Minority interests	Total owners' equity
		Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Less: comprehensive income	Special reserves	Surplus reserves				
I.	373,270,285.00				812,465,777.89	-67,709,992.27	117,052,243.76	479,907,264.27	1,714,983,578.65	741,204.99	1,715,726,783.64		
Add: Changes in accounting policies													
Correction of accounting errors in prior periods													
Business combination under the same control													
Others													
II.	373,270,285.00				812,465,777.89	-67,709,992.27	117,052,243.76	479,907,264.27	1,714,983,578.65	741,204.99	1,715,726,783.64		
Increases/decreases in the current period (decreases stated with "-")													
(I) Total comprehensive income					8,260,776.36	-28,447,364.54	3,778,733.97	22,761,174.26	6,333,320.05	-741,204.99	5,612,115.06		
(II) Capital contributed or reduced by owners					500,834.40	-28,447,364.54		37,738,016.78	9,290,652.24	-785,814.18	8,504,838.06		
1. Ordinary shares contributed by owners													
2. Capital contributed by the holders of other equity instruments					500,834.40								
3. Amounts of share-based payments recognized in owners' equity													
4. Others													
(III) Profit distribution					500,834.40								
1. Withdrawal of surplus reserves							3,778,733.97	-14,976,842.52					
2. Withdrawal of general risk reserves							3,778,733.97	-3,778,733.97					
3. Profits distributed to owners (or shareholders)													
4. Others													
(IV) Internal carry-forward of owners' equity													
1. Conversion of capital reserves into paid- in capital (or share capital)													
2. Conversion of surplus reserves into paid- in capital (or share capital)													
3. Losses offset by surplus reserves													
4. Carry-forward of changes in the defined benefit plan for retained earnings													
5. Carry-forward of other comprehensive income for retained earnings													
6. Others													
(V) Special reserves													
1. Amount withdrawn for the period													
2. Amount used for the period													
(VI) Others					7,759,941.96	-96,157,358.81	120,830,977.73	502,668,438.53	7,759,941.96	1,721,538,898.70	7,759,941.96		
Balance at the end of the period	373,270,285.00				820,726,554.25	-96,157,358.81	120,830,977.73	502,668,438.53	7,759,941.96	1,721,538,898.70	7,759,941.96		

Consolidated Statement of Change in Equity
For the year ended 31 December 2021

Ginwa Enterprise (Group) Inc.*

Unit: Yuan Currency: RMB

Items	Paid-in capital (or share capital)	Preferred shares	Other equity instrument Perpetual bonds	2021 Equity attributable to owners of the parent company					Subtotal	Minority interests	Total owners' equity			
				Others	Capital reserves	Treasury shares	Less: comprehensive income	Other reserves				Special reserves	Surplus reserves	General risk reserves
I. Balance at the end of the last year	373,270,285.00				820,726,554.25		-96,157,356.81	120,830,977.73			1,721,338,898.70		1,721,338,898.70	
Add: Changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under the same control														
Others														
II. Balance at the beginning of the year	373,270,285.00				820,726,554.25		-96,157,356.81	120,830,977.73			1,721,338,898.70		1,721,338,898.70	
III. Increases/decreases in the current period (decreases stated with "-")					619,122.07		-13,985,524.31				46,121,180.01		-65,121,180.01	
(I) Total comprehensive income							-13,985,524.31						-13,985,524.31	
(II) Capital contributed or reduced by owners					619,122.07									
1. Ordinary shares contributed by owners														
2. Capital contributed by the holders of other equity instruments					619,122.07									
3. Amounts of share-based payments recognized in owners' equity														
4. Others														
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profits distributed to owners (or shareholders)														
4. Others														
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Losses offset by surplus reserves														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Amount withdrawn for the period														
2. Amount used for the period														
(VI) Others														
IV. Balance at the end of the period	373,270,285.00				821,345,676.32		-110,142,881.12	120,830,977.73			1,656,217,718.69		1,656,217,718.69	
							450,913,660.76							

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**1. Introduction**

The following is the unaudited pro forma financial information of Century Ginwa Retail Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”), comprising the unaudited pro forma consolidated statement of financial position as at 31 December 2021 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement for the year ended 31 December 2021 and related notes (collectively, the “unaudited pro forma financial information”).

The unaudited pro forma financial information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the purpose of illustrating the effect of the potential disposal of 30,000,000 A-shares in Ginwa Enterprise (Group) Inc. (the “Possible Disposal”) as described in the section headed “Letter from the Board” in this circular.

The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Group as at 31 December 2021 as if the Possible Disposal had been completed on 31 December 2021; and (ii) the financial performance and cash flows of the Group for the year ended 31 December 2021 as if the Possible Disposal had been completed on 1 January 2021.

The unaudited pro forma financial information of the Group is based upon the consolidated financial statements of the Group for the year ended 31 December 2021, which have been derived from the Company’s published annual report for the year ended 31 December 2021, after taking pro forma adjustments as summarised in the accompanying notes that are clearly shown and explained, factually supportable and directly attributable to the Possible Disposal.

The unaudited pro forma financial information of the Group has been prepared for illustrative purposes only and is based on certain assumptions, estimates and current available information. Accordingly, because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Group had the disposal been completed as at the specified dates or any other dates.

The unaudited pro forma financial information of the Group should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2021 and other financial information included elsewhere in this circular.

2. Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2021

	Consolidated statement of financial position of the Group as at 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 2</i>	Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2021 <i>RMB'000</i>
Non-current assets			
Property and equipment	3,134,933	-	3,134,933
Investment property	1,347,798	-	1,347,798
Intangible assets	274,646	-	274,646
Goodwill	35,129	-	35,129
Prepayments for acquisition of properties and intangible assets	1,982,153	-	1,982,153
Equity securities designated at fair value through other comprehensive income (FVOCI)	255,900	(255,900)	-
Financial assets measured at fair value through profit or loss (FVPL)	16,639	-	16,639
Deferred tax assets	11,537	-	11,537
	7,058,735	(255,900)	6,802,835
	7,058,735	(255,900)	6,802,835
Current assets			
Inventories	24,523	-	24,523
Trade and other receivables	59,595	-	59,595
Prepayments	30,072	-	30,072
Cash at bank and on hand	36,520	255,000	291,520
	150,710	255,000	405,710
	150,710	255,000	405,710

2. Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2021 (continued)

	Consolidated statement of financial position of the Group as at 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 2</i>	Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2021 <i>RMB'000</i>
Current liabilities			
Trade and other payables	416,496	-	416,496
Contract liabilities	134,955	-	134,955
Bank and other borrowings	2,151,486	-	2,151,486
Lease liabilities	50,223	-	50,223
Income tax payable	36,171	-	36,171
	<u>2,789,331</u>	<u>-</u>	<u>2,789,331</u>
Net current liabilities	<u>(2,638,621)</u>	<u>255,000</u>	<u>(2,383,621)</u>
Total assets less current liabilities	<u>4,420,114</u>	<u>(900)</u>	<u>4,419,214</u>
Non-current liabilities			
Long-term provisions	288,593	-	288,593
Bank and other borrowings	1,459,576	-	1,459,576
Lease liabilities	233,679	-	233,679
Deferred tax liabilities	630,006	-	630,006
	<u>2,611,854</u>	<u>-</u>	<u>2,611,854</u>
NET ASSETS	<u>1,808,260</u>	<u>(900)</u>	<u>1,807,360</u>

2. Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2021 (continued)

	Consolidated statement of financial position of the Group as at 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 2</i>	Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2021 <i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	199,369	-	199,369
Reserves	1,557,514	(755)	1,556,759
Total equity attributable to equity shareholders of the Company	1,756,883	(755)	1,756,128
Non-controlling interests	51,377	(145)	51,232
TOTAL EQUITY	<u>1,808,260</u>	<u>(900)</u>	<u>1,807,360</u>

3. Unaudited pro forma consolidated statement of profit or loss of the Group for the year ended 31 December 2021

	Consolidated statement of profit or loss of the Group for the year ended 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 3</i>	Unaudited pro forma consolidated statement of profit or loss of the Group for the year ended 31 December 2021 <i>RMB'000</i>
Revenue	494,280	-	494,280
Other income	10,371	-	10,371
Cost of goods sold	(215,501)	-	(215,501)
Sales and other taxes and surcharges	(16,897)	-	(16,897)
Staff costs	(113,537)	-	(113,537)
Depreciation expenses	(156,145)	-	(156,145)
Utilities expenses	(26,940)	-	(26,940)
Advertisement expenses	(11,599)	-	(11,599)
Expected credit losses on trade and other receivables	(2,523)	-	(2,523)
Impairment losses on goodwill and intangible assets	(72,000)	-	(72,000)
Other operating expenses	(78,611)	-	(78,611)
Loss from operations	(189,102)	-	(189,102)
Net finance costs	(169,760)	-	(169,760)
Loss before taxation	(358,862)	-	(358,862)
Income tax	(22,581)	-	(22,581)
Loss for the year	<u>(381,443)</u>	-	<u>(381,443)</u>
Attributable to:			
Equity shareholders of the Company	(367,967)	-	(367,967)
Non-controlling interests	(13,476)	-	(13,476)
Loss for the year	<u>(381,443)</u>	-	<u>(381,443)</u>

4. Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021

	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 3</i>	Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021 <i>RMB'000</i>
Loss for the year	(381,443)	-	(381,443)
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that will not be reclassified to profit or loss:			
- Surplus on revaluation of land and buildings held for own use	79,904	-	79,904
- Equity investments at fair value through other comprehensive income - net movement in fair value reserve (non-recycling)	88,200	(88,200)	-
Item that may be reclassified subsequently to profit or loss:			
- Exchange differences on translation into presentation currency	(16,373)	-	(16,373)
Other comprehensive income for the year	<u>151,731</u>	<u>(88,200)</u>	<u>63,531</u>
Total comprehensive income for the year	<u>(229,712)</u>	<u>(88,200)</u>	<u>(317,912)</u>
Attributable to:			
Equity shareholders of the Company	(230,454)	(73,982)	(304,436)
Non-controlling interests	742	(14,218)	(13,476)
Total comprehensive income for the year	<u>(229,712)</u>	<u>(88,200)</u>	<u>(317,912)</u>

5. Unaudited pro forma consolidated cash flow statement of the Group for the year ended 31 December 2021

	Consolidated cash flow statement of the Group for the year ended 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 3</i>	Unaudited pro forma consolidated cash flow statement of the Group for the year ended 31 December 2021 <i>RMB'000</i>
Operating activities:			
Loss before taxation	(358,862)	-	(358,862)
Adjustments for:			
Depreciation expenses	156,145	-	156,145
Expected credit losses on trade and other receivables	2,523	-	2,523
Impairment losses on goodwill and intangible assets	72,000	-	72,000
Net loss on disposal of property and equipment	9,433	-	9,433
Interest income	(5,339)	-	(5,339)
Dividend income	(2,700)	-	(2,700)
Net finance costs	169,760	-	169,760
Change in fair value of financial assets measured at FVPL	(2,332)	-	(2,332)
Changes in working capital:			
Decrease in inventories	9,993	-	9,993
Increase in trade and other receivables	(201,005)	-	(201,005)
Decrease in restricted cash at bank	428	-	428
Decrease in trade and other payables	(370,207)	-	(370,207)
Increase in contract liabilities	33,026	-	33,026
Net cash used in operations	(487,101)	-	(487,101)
Income tax paid	(27,663)	-	(27,663)
Net cash used in operating activities	(514,764)	-	(514,764)

5. Unaudited pro forma consolidated cash flow statement of the Group for the year ended 31 December 2021 (continued)

	Consolidated cash flow statement of the Group for the year ended 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	Pro Forma Adjustment <i>RMB'000</i> <i>Note 3</i>	Unaudited pro forma consolidated cash flow statement of the Group for the year ended 31 December 2021 <i>RMB'000</i>
Investing activities:			
Payments for the purchase of property and equipment	(4,483)	-	(4,483)
Proceeds from disposal of property and equipment	161	-	161
Proceeds from disposal of equity securities designated at FVOCI	-	255,000	255,000
Interests received	5,339	-	5,339
Dividends received from the financial assets measured at FVPL	2,700	-	2,700
Net cash generated from investing activities	3,717	255,000	258,717
Financing activities			
Capital element of lease rentals paid	(67,610)	-	(67,610)
Interest element of lease rentals paid	(9,442)	-	(9,442)
Proceeds from new bank loans	830,000	-	830,000
Proceeds from new other borrowings	1,740,977	-	1,740,977
Repayment of bank loans	(1,296,072)	-	(1,296,072)
Repayment of other borrowings	(832,727)	-	(832,727)
Decrease in restricted cash at bank	281,885	-	281,885
Other finance costs paid	(210,578)	-	(210,578)
Net cash generated from financing activities	436,433	-	436,433
Net (decrease)/increase in cash and cash equivalents	(74,614)	255,000	180,386
Cash and cash equivalents at the beginning of the year	104,966	-	104,966
Effect of foreign exchange rate changes	(109)	-	(109)
Cash and cash equivalents at the end of the year	30,243	255,000	285,243

Notes to the Unaudited Pro Forma Financial Information of the Group

- 1 The amounts are extracted from the consolidated financial statements of the Group for the year ended 31 December 2021 as set out in the published annual report of the Company for the year then ended.
- 2 The adjustment represents the impact of the Possible Disposal of an aggregate of 30,000,000 A-shares in Ginwa Enterprise (Group) Inc. (the “Disposal Shares”) on the Group’s consolidated statement of financial position.

Assuming all the Disposal Shares were disposed on 31 December 2021 at the minimum disposal price of RMB8.5 per A-share, the Group would recognise an increase in cash at bank and on hand of RMB255,000,000 in the pro forma consolidated statement of financial position, which is calculated as follows:

	<i>RMB</i>
Disposal price*	8.5
Number of Disposal Shares	30,000,000
Cash proceeds for the Possible Disposal	255,000,000
Less: carrying amount of the Disposal Shares as at 31 December 2021	<u>255,900,000</u>
Changes in total equity	<u><u>(900,000)</u></u>
Attributable to:	
Equity shareholders of the Company	(755,000)
Non-controlling interests	<u>(145,000)</u>
	<u><u>(900,000)</u></u>

* The calculation above is for illustration purpose. The adjustment was calculated based on the assumption that all Disposal Shares currently held by the Group are to be disposed at the minimum disposal price of RMB8.5 per A-share under the Disposal Mandate.

Had all Disposal Shares been disposed on 31 December 2021 at its closing market price of RMB8.53, the Group would have received additional consideration of RMB900,000, resulting in an increase in cash at bank and on hand of RMB900,000 in the pro forma consolidated statement of financial position.

Upon the completion of the Possible Disposal, the Group would no longer hold any share of Ginwa Enterprise (Group) Inc..

- 3 The adjustment represents the impact of the Possible Disposal of the Disposal Shares on the Group's consolidated statement of profit or loss and other comprehensive income and the consolidated cash flow statement.

Assuming all Disposal Shares were disposed on 1 January 2021 at the minimum disposal price of RMB8.5 per A-share, the Group would recognise a decrease in other comprehensive income of RMB88,200,000 in the pro forma consolidated statement of profit or loss and other comprehensive income, and an increase in proceeds from disposal of equity securities designated at FVOCI of RMB255,000,000 in the pro forma consolidated cash flow statement, which are calculated as follows:

	<i>RMB</i>
Reversal of changes in fair value of the Disposal Shares recognised in other comprehensive income in the consolidated financial statements of the Group for the year ended 31 December 2021	<u>(88,200,000)</u>
Changes in total comprehensive income	<u><u>(88,200,000)</u></u>
Attributable to:	
Equity shareholders of the Company	(73,982,160)
Non-controlling interests	<u>(14,217,840)</u>
	<u><u>(88,200,000)</u></u>
	<i>RMB</i>
Disposal price*	8.5
Number of Disposal Shares	30,000,000
Cash proceeds for the Possible Disposal	<u><u>255,000,000</u></u>

* The calculation above is for illustration purpose. The adjustment was calculated based on the assumption that all Disposal Shares currently held by the Group are to be disposed at the minimum disposal price of RMB8.5 per A-share under the Disposal Mandate.

It should be noted that the closing market price of Disposal Shares as at 1 January 2021 was RMB5.59 per A-share, which is less than the minimum disposal price of RMB8.5 per A-share under the Disposal Mandate.

- 4 The above adjustments in respect of the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement are not expected to have a continuing effect on the Group.
- 5 The actual share price of the Disposal Shares may be different from those stated in the pro forma financial information. Therefore, the estimated proceeds from the Disposal, net cash inflows from the Disposal and the cash and cash equivalents received by the Group as illustrated above are subject to change.
- 6 No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2021 for the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit and loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CENTURY GINWA RETAIL HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Century Ginwa Retail Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2021 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement for the year ended 31 December 2021 and related notes as set out in Part A of Appendix III to the circular dated 26 May 2022 (the “Circular”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the potential disposal of 30,000,000 A-shares in Ginwa Enterprise (Group) Inc. (the “Possible Disposal”) on the Group’s financial position as at 31 December 2021 and the Group’s financial performance and cash flows for the year ended 31 December 2021 as if the Proposed Disposal had taken place at 31 December 2021 and 1 January 2021, respectively. As part of this process, information about the Group’s financial position as at 31 December 2021 and the Group’s financial performance and cash flows for the year ended 31 December 2021 has been extracted by the Directors from the consolidated financial statements of the Group for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2021 or 1 January 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

26 May 2022

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 Group. 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 contained 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 10 to the Listing Rules, were as follows:

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 ^(Note 1)	0.01%

Note:

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

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

As at the Latest Practicable Date, save as disclosed below, 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 Shunxu	Chairman of the board	Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd.
Mr. Li Yang	General manager	Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd
Mr. Chen Shuai	Managing director	Hony Capital

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following Shareholders (other than a Director or chief executive of the Company) who 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, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

(i) Long positions/short positions in the Shares

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

(ii) *Long position/short position in the underlying Shares of equity derivatives of the Company (as defined in Part XV of the SFO)*

Name of Shareholder	Long positions/ short positions	Nature of interests	Number of underlying Shares held	Approximate percentage of the issued Share capital of the Company
Glory Keen	Long positions	Corporate interests	1,294,774,999 <i>(Note 3)</i>	112.62%
Hony Capital Fund 2008, L.P.	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%
Hony Capital Fund 2008 GP, L.P.	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%
Hony Capital Fund 2008 GP Limited	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%
Hony Group Management Limited	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%
Hony Managing Partners Limited	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%
Exponential Fortune Group Limited	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%
Mr. Zhao John Huan	Long positions	Interest in a controlled corporation	1,294,774,999 <i>(Note 3)</i>	112.62%

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.
- (3) The long position of 1,294,774,999 underlying Shares represents the interest in the 1,294,774,999 conversion shares which may be issued under the Hony Convertible preferred shares. The exercise of the conversion rights attaching to the Hony Convertible preferred shares is subject to the restrictions as stated in the paragraph headed "Other terms of the Preferred Shares" under the section headed "Subscription Agreement" in the circular of the Company dated 19 November 2012.

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

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or is not terminable by the Company within one (1) year without payment of compensation (other than statutory compensation).

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any interest which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

5. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this Circular, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, neither the Company nor any member of the Group is engaged in any litigation or arbitration of material importance in which any member of the Group is a defendant and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any member of the Group.

7. MATERIAL CONTRACTS

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

- (a) the agreement dated 30 September 2020 entered into between Xi'an Century Ginwa Shopping Mall Company Limited (西安世紀金花購物有限公司), a wholly owned subsidiary of the Company and Xi'an Ginwa Commercial Management Services Company Limited (西安金花商務管理服務有限公司) to supplement the trademark assignment agreement dated 8 May 2020 entered into between the two parties;
- (b) the subscription agreement dated 30 December 2020 (the "**Subscription Agreement**") and entered into by the Company in relation to the subscription of the non-voting and participating shares of a nominal value of US\$0.001 each in Serica Segregated Portfolio (the "**Sub-Fund**"), a segregated portfolio created by HNW Investment Fund Series SPC (the "**HNW Investment Fund**"), for a total of HK\$17 million, as supplemented and amended by the Supplemental Subscription Agreement (as defined below);

- (c) the letter agreement dated 30 December 2020 entered into by and among Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司), the Company together with other investors of the Sub-Fund, the Sub-Fund, CCB International Asset Management Limited, the HNW Investment Fund, City Turbo Limited (港名有限公司) and Xi'an OCT Real Estate Limited (西安華僑城置地有限公司) to govern certain terms and conditions for existing and future investments made by the investors in the Sub-Fund;
- (d) the supplemental agreement dated 9 April 2021 and entered into between the parties to the Subscription Agreement to amend certain terms of the Subscription Agreement (the “**Supplemental Subscription Agreement**”); and
- (e) the second supplemental agreement dated 20 September 2021 entered into by and among Century Ginwa Company Limited (世紀金花股份有限公司), a non-wholly owned subsidiary of the Company, Xi'an Shangya Business Management Company Limited (西安尚雅商務管理有限公司)#, Xi'an Yigao Property Development Company Limited (西安億高置業有限公司)# (the “**Project Company**”), Shanghai Huade Investment Company Limited (上海花德投資有限公司)# and Ningbo Xingyi Industrial Investment Partnership (Limited Partnership)(寧波行誼實業投資合夥企業(有限合夥)) to further amend certain terms of the agreement dated 4 December 2014 in relation to the development of the commercial part of the development known as “Xi'an Centre” being developed by the Project Company in the Xi'an Hi-tech Industries Development Zone of Xi'an, the PRC.

8. EXPERT

- (a) The following is the qualification of the expert (the “**Expert**”) who has given opinion or advice contained in this circular:

Name	Qualifications
KPMG	Certified Public Accountants

- (b) As at the Latest Practicable Date, the Expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) The Expert has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its report and references to its name in the form and context in which they appear.

- (d) As at the Latest Practicable Date, the Expert had no interest in any asset which have been since 31 December 2021 (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, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is 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 Unit 301, 3/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Mr. Leung Kee Wai who is a fellow member of The Chartered Governance Institute, The Hong Kong Chartered Governance Institute, a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The principal share registrar of the Company in Bermuda is MUFG Fund Services (Bermuda) Limited, at 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda. The branch share registrar of the Company is Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this Circular and the proxy form shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cgrh.com.hk) for 14 days from the date of this circular:

- (a) independent reporting accountants' assurance report from KPMG in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular; and
- (b) the written consent referred to in the paragraph headed "8. Expert" in this Appendix.

NOTICE OF THE SPECIAL GENERAL MEETING



CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the “SGM”) of Century Ginwa Retail Holdings Limited (the “Company”) will be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Thursday, 7 July 2022 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the disposal(s) (the “**Disposal(s)**”, each a “**Disposal**”) by the Company and/or its subsidiary(ies) (collectively the “**Group**”) through on-market transactions conducted on, or through block trade platform of, the Shanghai Stock Exchange where the A-Shares are listed; and/or by way of placing through block trade(s) by entering into placing agreement(s) with placing agent(s) that is/are properly reputable and licensed to carry on the activity of dealing in securities listed on the Shanghai Stock Exchange, of up to 30,000,000 ordinary shares (the “**Approved Sale Shares**”) of Ginwa Enterprise (Group) Inc.* (金花企業(集團)股份有限公司) (the “**A-Shares Company**”), a company the A-shares (“**A-Shares**”) of which are listed on the Shanghai Stock Exchange (Stock Code: 600080), during the period of 12 months from the date of passing of this resolution (unless revoked or varied by ordinary resolution of the shareholders in general meeting of the Company) (the “**Mandate Period**”) be and are hereby approved subject to the following conditions that the disposal price of each A-Share will be the highest of (i) no lower than RMB8.5 per A-Share; (ii) the arithmetic average of the daily weighted average price for 30 trading days immediately prior to the date of the indicative announcement in relation to the Disposal to be published by the A-Shares Company; and (iii) the audited net asset value per A-Share of the A-Shares Company for the most recent fiscal year; and

NOTICE OF THE SPECIAL GENERAL MEETING

- (b) the board of directors of the Company (the “**Board**”) be and is hereby authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal(s), including but not limited to the number of batches of disposals, the number of A-Shares to be sold under each disposal, the timing of each Disposal, the manner of disposal (whether in the open market or through block trade(s)) and the disposal price (subject to the parameters set out in paragraph (a) above).”

On behalf of the Board
Century Ginwa Retail Holdings Limited
Huang Shunxu
Chairman

Hong Kong, 26 May 2022

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

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 provisions of the articles of association 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 Level 54, Hopewell Centre, 183 Queen’s Road East, 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.

NOTICE OF THE SPECIAL GENERAL MEETING

5. The register of members of the Company will be closed from 4 July 2022 to 7 July 2022, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 30 June 2022. The recording date for determining the eligibility of the members to attend and vote at the meeting will be 7 July 2022.
6. 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. Huang Shunxu, Mr. Qin Chuan, and Ms. Wan Qing; two non-executive Directors, being Mr. Li Yang and Mr. Chen Shuai; and three independent non-executive Directors, being Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong.

* *For identification purposes only*