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CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

**OFF-MARKET BUY-BACK OF NON-VOTING
CONVERTIBLE PREFERRED SHARES
AND
CONNECTED TRANSACTION**

**Independent Financial Adviser to
the Code IBC, the Listing Rules IBC and the Independent
Shareholders**



THE AGREEMENT

On 15 June 2022, the Company and Glory Keen entered into the Agreement, pursuant to which the Company conditionally agreed to buy back from Glory Keen, and Glory Keen conditionally agreed to sell to the Company, the Preferred Shares at the Buy-back Price of approximately HK\$0.21 per Preferred Share.

REGULATORY REQUIREMENTS

Share Buy-backs Code

The Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, the approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the SGM.

Listing Rules

Glory Keen is beneficially interested in 322,727,272 Ordinary Shares, representing approximately 28.07% of the total number of Ordinary Shares in issue. Accordingly, Glory Keen is a substantial shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of each of the Share Buy-back and the entering into of the GCX Share Charge is 5% or more, the Share Buy-back and the entering into of the GCX Share Charge constitute connected transactions for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Financial Adviser has been appointed to advise the Code IBC, the Listing Rules IBC and the Independent Shareholders on the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge).

The Code IBC comprising Mr. Li Yang, Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the non-executive and independent non-executive Directors (except Mr. Chen Shuai who is a non-executive Director nominated by Glory Keen), has been established under the Share Buy-backs Code to give recommendations to the Independent Shareholders as to how to vote on the resolution(s) to be proposed at the SGM in respect of the Share Buy-back and the underlying transactions.

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

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge); (ii) the letter from the Code IBC giving its recommendation to the Independent Shareholders on the Share Buy-back and the entering into of the GCX Share Charge; (iii) the letter from the Listing Rules IBC giving its recommendation to the Independent Shareholders on the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge); (iv) the letter from the Independent Financial Adviser containing its advice to the Code IBC, the Listing Rules IBC and the Independent Shareholders in the same regard; (v) the notice of the SGM and (vi) other information as required under the Listing Rules and the Share Buy-backs Code, will be dispatched to the Shareholders in accordance with the Share Buy-backs Code within 21 days of the date of this announcement or in accordance with the Listing Rules within 15 Business Days from the date of this announcement, whichever is earlier. As such, the expected date of dispatch of the circular will be on or before 6 July 2022.

The Shareholders and potential investors of the Company should be aware that the Share Buy-back is subject to the conditions precedent set out in this announcement, and consequently the Share Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

THE AGREEMENT

Subject Matter

On 15 June 2022, the Company and Glory Keen entered into the Agreement, pursuant to which the Company conditionally agreed to buy back from Glory Keen, and Glory Keen conditionally agreed to sell to the Company, the Preferred Shares at the Buy-back Price of approximately HK\$0.21 per Preferred Share (i.e. the Share Buy-back).

Set forth below are the principal terms of the Agreement:

Date

15 June 2022

Parties

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

Subject matter

The 1,177,068,181 Preferred Shares, which are convertible into 1,294,774,999 Ordinary Shares based on the conversion ratio of 1.1 Ordinary Shares per one Preferred Share, representing approximately 112.62% of the total number of Ordinary Shares in issue as at the date of this announcement and approximately 52.97% of the total number of Ordinary Shares as enlarged by the issue of the number of Ordinary Shares upon conversion of the Preferred Shares. The number of Preferred Shares to be bought back by the Company represents all the outstanding Preferred Shares as at the date of this announcement.

Consideration

The Buy-back Price of approximately HK\$0.21 per Preferred Share was determined after arm's length negotiations between the parties to the Agreement with reference to, among other things, (i) the conversion price of the Preferred Shares of HK\$1.00 per Preferred Share (in respect of the 886,818,181 Preferred Shares issued at a subscription price of HK\$1.10) and the conversion price of the Preferred Shares of HK\$1.456 per Preferred Share (in respect of the 290,250,000 Preferred Shares issued at a subscription price of HK\$1.60); (ii) a discount of 82.83% as compared to the original acquisition costs to Glory Keen for the subscription of the Preferred Shares in 2012, which was determined based on the weighted average of the subscription price of HK\$1.223 per Preferred Share (in respect of the 886,818,181 Preferred Shares issued at a subscription price of HK\$1.10 and in respect of the 290,250,000 Preferred Shares issued at a subscription price of HK\$1.60); and (iii) the downward movement of the share price of the Ordinary Shares, with the share price reaching the lowest price of HK\$0.083 per Ordinary Share on 25 April 2022. The consideration for the Share Buy-back of HK\$247,184,318 is the product of the Buy-back Price of approximately HK\$0.21 per Preferred Share and the number of Preferred Shares held by Glory Keen of 1,177,068,181, which shall be satisfied by the Company by issue of the interest-free promissory notes due on the first anniversary of the date of Completion in favour of Glory Keen.

The Buy-back Price of approximately HK\$0.21 per Preferred Share represents:

- (i) a premium of approximately 73.55% over HK\$0.121 per 1.1 Ordinary Shares calculated based on the closing price of HK\$0.11 per Ordinary Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 79.49% over HK\$0.117 per 1.1 Ordinary Shares calculated based on the average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$0.106 per Ordinary Share;

- (iii) a premium of approximately 84.21% over HK\$0.114 per 1.1 Ordinary Shares calculated based on the average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day of approximately HK\$0.104 per Ordinary Share;
- (iv) a premium of approximately 89.19% over HK\$0.111 per 1.1 Ordinary Shares calculated based on the average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$0.101 per Ordinary Share;
- (v) a premium of approximately 62.79% over HK\$0.129 per 1.1 Ordinary Shares calculated based on the average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day of approximately HK\$0.117 per Ordinary Share;
- (vi) a discount of approximately 82.83% to the weighted average of the subscription price of the Preferred Shares of HK\$1.223 per Preferred Share, being the weighted average taking into consideration of the subscription price of HK\$1.10 in respect of the 886,818,181 Preferred Shares and the subscription price of HK\$1.60 in respect of the 290,250,000 Preferred Shares;
- (vii) a discount of approximately 89.83% to the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$2.066 per 1.1 Ordinary Shares (based on the audited consolidated net assets of the Group attributable to the Shareholders as at 31 December 2021 of approximately RMB1,756.88 million (equivalent to approximately HK\$2,159.13 million) and 1,149,694,715 Ordinary Shares in issue as at the date of this announcement); and
- (viii) a discount of approximately 78.39% to the consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.972 per 1.1 Ordinary Shares (based on the audited consolidated net assets of the Group attributable to the Shareholders as at 31 December 2021 of approximately RMB1,756.88 million (equivalent to approximately HK\$2,159.13 million) and 2,444,469,714 Ordinary Shares (assuming that the Preferred Shares are converted to Ordinary Shares in full but otherwise no other change in the number of Ordinary Shares in issue as at the date of this announcement)).

In the event that any dividend or distribution in respect to the Preferred Shares is declared by the Company and the record date of which falls before the date of the Completion, the consideration for the Share Buy-back of HK\$247,184,318 will be reduced by the amount of any dividend/distribution declared by the Company and paid or payable to Glory Keen.

As at the date of this announcement, the Company has not declared any dividend and does not have any intention to make, declare or pay any future dividend or make other distribution in respect of the Preferred Shares before the date of the Completion.

Lock-up

Glory Keen undertook to the Company that for the period from the date of the Agreement to the earlier of the date of Completion and the date of the termination of the Agreement, save for the purchase of the Preferred Shares by the Company as contemplated under the Agreement, it shall not exercise the conversion right attaching to any of the Preferred Shares and shall not sell, transfer, encumber or otherwise dispose of any of the Preferred Shares.

GCX Share Charge

The consideration for the Share Buy-back will be satisfied by the Company by issue of the interest-free promissory notes due on the first anniversary of the date of Completion in favour of Glory Keen. Taking into consideration that the consideration will not be satisfied in cash upon completion, the Company agreed to execute and deliver the GCX Share Charge in favour of Glory Keen upon Completion, pursuant to which a fixed first equitable charge shall be created over the entire issued share capital of GCX in favour of Glory Keen to secure the due performance of the Company in relation to the issuance of the interest-free promissory notes in an amount of HK\$247,184,318. The GCX Share Charge will be released upon repayment of all outstanding amount by the Company thereunder the promissory notes.

As at the date of this announcement, the entire issued share capital of GCX has been charged in favour of Glory Keen under the Existing GCX Share Charge as security for the due performance of the Company in relation to the issuance of the Preferred Shares and the Existing GCX Share Charge will be released following cancellation of the Preferred Shares, and GCX holds all of the interest of Golden Chance (Saigo) Shopping Centre Limited, an investment holding company indirectly holding an investment property located in Xi'an City, PRC, part of which the Group uses to operate its own department store and part of which is leased out as operating lease for commercial use (shopping mall).

Conditions precedent

Completion is conditional upon the satisfaction of each of the following conditions precedent:

- (i) the Executive having approved the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (ii) the approval of the Share Buy-back by at least three-fourths of the votes cast by the Independent Shareholders present in person or by proxy at the SGM;
- (iii) the execution and the delivery of the GCX Share Charge and the release of the Existing GCX Share Charge; and

- (iv) each of the warranties given by Glory Keen under the Agreement remaining true, accurate and not misleading in all respects.

The conditions precedent set out in (i) and (ii) above are not capable of being waived by the parties to the Agreement. The condition precedent set out in (iii) above can be waived by Glory Keen and the condition precedent set out in (iv) above can be waived by the Company. If any of the conditions set out above is not fulfilled or waived (if applicable) on or before the Long Stop Date, the Agreement shall lapse and be of no further effect.

Completion

Completion will take place on the 5th Business Day after satisfaction of the conditions precedent set out in (i) and (ii) above.

After the Completion, the Company shall cancel the Preferred Shares and the Existing GCX Share Charge will be released.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming there will be no other change in the issued share capital and the shareholding structure of the Company between the date of this announcement and the date of the Completion.

Name of Shareholder	As at the date of this announcement		Immediately after the Completion	
	<i>Number of Shares held</i>	<i>Approximate %</i>	<i>Number of Shares held</i>	<i>Approximate %</i>
<i>Ordinary Shares</i>				
Qujiang Investment (Note 1)	336,166,156	29.24	336,166,156	29.24
Glory Keen and its parties acting in concert (Note 2)	322,727,272	28.07	322,727,272	28.07
Public Shareholders	490,801,287	42.69	490,801,287	42.69
Total	1,149,694,715	100	1,149,694,715	100
<i>Preferred Shares</i>				
Glory Keen (Note 2)	1,177,068,181	100	–	–
Total	1,177,068,181	100	–	–

Notes:

- 1. Qujiang Investment held 336,166,156 Ordinary Shares. Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd. holds the entire issued share capital of Qujiang Investment. 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 interests in Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd., respectively. Each of Xi'an Qujiang New District Management Committee and Xi'an Qujiang Cultural Industry Development Center owns 99.90% and 0.10% equity interest in Xi'an Qujiang Cultural Holding Company Limited, respectively. As such, Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd. and Xi'an Qujiang New District Management Committee (each a state-owned enterprise) were deemed to be interested in 336,166,156 Ordinary Shares by virtue of the shareholding in Qujiang Investment.*
- 2. The long position of 322,727,272 Ordinary Shares represents the 322,727,272 Ordinary 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 and Right Lane Limited owns 80% and 20% equity interests in Hony Group Management Limited, respectively. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited. Exponential Fortune Group Limited is a company held as to 49% by Mr. Zhao John Huan, 25.5% by Mr. Cao Yonggang and 25.5% by Mr. Xu Minsheng. Right Lane Limited is a company wholly-owned by Legend Holdings Corporation (聯想控股股份有限公司), a joint stock limited liability company incorporated under the laws of PRC and its overseas listed shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 03396). Each of the above-mentioned parties is therefore deemed to be interested in the interest held by Glory Keen.*

As at the date of this announcement, Mr. Ge Xin, the spouse of Ms. Wan Qing, an executive Director, is beneficially interested in 123,500 Shares. Therefore, Ms. Wan Qing is deemed to be interested in 123,500 Shares in the Company under the SFO. Save as disclosed above, as at the date of this announcement, none of the Directors is interested in any Shares.

As at the date of this announcement, there are 1,149,694,715 Ordinary Shares in issue. Save for the Preferred Shares, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Ordinary Shares or other types of equity interests of the Company as at the date of this announcement.

Following the Completion, the Preferred Shares will be cancelled and there will be no outstanding Preferred Shares. No less than 25% of the Ordinary Shares in issue will remain in public hands following the Completion.

FINANCIAL EFFECTS OF THE SHARE BUY-BACK

The Agreement and the transactions contemplated thereunder (including the Share Buy-back) will materially affect the financial position of the Group. For illustrative purpose:

- (i) assuming Completion took place on 31 December 2021, the consolidated net asset value of the Group as at 31 December 2021 would decrease by approximately RMB201.13 million, being the carrying amount of the interest-free promissory notes of HK\$247,184,318 issued. On the assumption that the Group will continue to obtain external debt financing (which may be applied towards, among other things, the repayment of the interest-free promissory notes), it is expected that the Group will be able to continue to meet its working capital requirements and pay its debts as they fall due in the ordinary course of its business. The potential increase of external financing is also expected to increase the Group's finance expenses by approximately RMB12.07 million to RMB16.09 million per annum based on the existing interest rates of the Group's existing external borrowings in the range of 6% to 8% per annum. As at 31 December 2021, the current ratio of the Group, as a ratio of current assets to current liabilities, will be decreased from approximately 0.054 to approximately 0.050. The gearing ratio of the Group, being bank and other borrowings and lease liabilities less cash at bank and on hand divided by the total equity, will be increased from approximately 2.134 to approximately 2.245; and
- (ii) assuming Completion took place on 1 January 2021¹, the Group's basic loss attributable to the Shareholders per Share for the year ended 31 December 2021 would have increased by approximately 102.38% from approximately RMB0.158 per Share to approximately RMB0.320 per Share on the assumption that all the Preferred Shares have been bought back in full and cancelled at the beginning of the year (potential increase in the Group's finance expense mentioned in (i) has not been included).

Further information on the financial effects of the Share Buy-back on the Company will be included in the circular to be issued to the Shareholders.

INFORMATION ON THE GROUP AND GCX

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

As at 31 December 2020 and 31 December 2021, the audited consolidated net asset value of the Group attributable to the Shareholders was approximately RMB1,987.34 million and RMB1,756.88 million respectively.

¹ In order to demonstrate the financial effect of the Share Buy-back on basic loss attributable to the Shareholders per Share for the entire year ended 31 December 2021, Completion was assumed to have taken place on 1 January 2021. For clarity, if it was assumed that Completion took place on 31 December 2021, Completion would not affect the weighted average number of ordinary shares outstanding during the year ended 31 December 2021, which is used to calculate basic earnings per share.

As at the date of this announcement, GCX is a wholly-owned subsidiary of the Company and holds all of the interest of Golden Chance (Saigo) Shopping Centre Limited, an investment holding company indirectly holding an investment property located in Xi'an City, PRC, part of which the Group uses to operate its own department store and part of which is leased out as operating lease for commercial use (shopping mall).

INFORMATION ON GLORY KEEN

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

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

As at the date of this announcement, Glory Keen is beneficially interested in 322,727,272 Ordinary Shares, representing approximately 28.07% of the total number of Ordinary Shares in issue, and 1,177,068,181 Preferred Shares, representing 100% of the total number of Preferred Shares in issue.

REASONS FOR AND BENEFITS OF THE SHARE BUY-BACK AND THE GCX SHARE CHARGE

The Preferred Shares were issued to Glory Keen pursuant to the Subscription Agreement for the purposes of raising additional equity funding for the Group's business expansion in 2012.

The Preferred Shares are non-voting, perpetual and convertible into Ordinary Shares based on the conversion ratio of one Preferred Share to 1.1 Ordinary Shares. Pursuant to the terms of the Preferred Shares, Glory Keen will only be allowed to exercise its conversion rights of the Preferred Shares provided that: (a) the conversion of the Preferred Shares will not directly result in the Company breaching the Listing Rules from time to time in respect of the minimum prescribed percentage of securities pursuant to Rule 8.08 of the Listing Rules; and (b) the conversion of the Preferred Shares will not result in the holder of the Preferred Shares or any party acting in concert with it holding 30% or more of the issued ordinary share capital of the Company, or otherwise being required to make a mandatory general offer for the Ordinary Shares of the Company under the Takeovers Code. For so long as the Preferred Shares remain outstanding, the holder of the Preferred Shares shall have the right, at any time and at the sole option of such holder, to convert the Preferred Shares held in whole, or in part, into fully-paid Ordinary Shares. Taking into consideration the existing public float of the Company as at the date of the Agreement and that Glory Keen is interested in approximately 28.07% of the total number of Ordinary Shares in issue, the public float of the Company will likely fall below the minimum prescribed percentage under Rule 8.08 of the Listing Rules if Glory Keen exercises its rights to convert the Preferred Shares into Ordinary Shares. Whilst Glory Keen will not be allowed to exercise its conversion rights of the Preferred Shares taking into consideration the aforesaid public float requirement, Glory Keen may transfer all or part of the Preferred Shares to other parties. The transfer of the Preferred Shares by Glory Keen to other third parties may result in substantive changes in the Company's shareholding structure upon conversion of the Preferred Shares. Alternatively, Glory Keen may also dispose of its existing Ordinary Shares to other third parties while converting the Preferred Shares into Ordinary Shares, in order to comply with the aforesaid requirements to maintain public float and to not trigger a mandatory public offer in converting the Preferred Shares. Glory Keen is a financial investor, and as its fund term has ended, there is a greater possibility of Glory Keen selling its existing Ordinary Shares on the market or transferring them to third parties. Any such sale will result in pressure on the share price of the Ordinary Shares as well as negative impact to the stability of the Company's shareholding structure. Substantial changes in the Company's shareholding structure may also negatively impact the Company's overall corporate governance and operational stability.

If the Preferred Shares are converted to Ordinary Shares in full, 1,294,774,999 new Ordinary Shares, representing approximately 112.62% of the total number of Ordinary Shares in issue as at the date of this announcement and approximately 52.97% of the total number of Ordinary Shares as enlarged by the issue of the number of Ordinary Shares upon conversion of the Preferred Shares, will be issued. The Company considers that this potential substantial dilutive effect of the Preferred Shares has created a negative investment appetite for investors and potential investors of the Company in the market and has therefore suppressed the past performance of the Ordinary Shares in terms of share price and hindered the ability of the Company to conduct equity fund-raising. In particular, for a majority period after the Preferred Shares were issued on 27 December 2012, the share price of the Ordinary Shares had been trading below HK\$1.747 (being the share price of the Ordinary Shares on the date when the Preferred Shares were issued). The share price of the Ordinary Shares has also shown a downward movement with the highest price of HK\$1.922 per Ordinary Share on 10 June 2013 and the lowest price of HK\$0.083 per Ordinary Share on 25 April 2022. The Board is of the view that the elimination of the potential substantial dilutive effect of the Preferred Shares (as well as the aforementioned possibility that Glory Keen may dispose of its existing Ordinary Shares at the same time as it exercises its conversion rights of the Preferred Shares) as soon as practicable will enhance market confidence in the Company, which will be in the interests of the Company and the Independent Shareholders in the long run.

Accordingly, taking into consideration that the Group has recorded losses from its operating activities in the recent past years, the Company has been seeking solution to enhance its financial position through the Group's continuous effort to enter into various types of financing arrangement(s). As stated in the Company's annual results announcement for the year ended 31 December 2021, the Group has obtained a long-term loan of RMB70,000,000 from a financial institution after the end of the reporting period, which is subject to an interest rate of approximately 6% per annum. With the continuous support to be given by the Shareholders, including but not limited to financial support to be given by the controlling shareholder of Qujiang Investment (as disclosed in the Company's 2021 annual results announcement for the year ended 31 December 2021, the Group has obtained a financial support letter from Xi'an Qujiang Cultural Financial Holdings (Group) Co., Ltd., the controlling shareholder of Qujiang Investment, who has agreed to provide an indefinite loan facility of RMB3.0 billion to the Group and to provide guarantees for the loan facilities from banks or any other financial institutions. Also, it has agreed to extend its short-term loans granted to the Group of RMB1,221,486,133 when they fall due), Glory Keen and the Company entered into discussion to devise a plan for Glory Keen's exit in its investment in the Company. The commercial terms of the Share Buy-back were confirmed with Glory Keen by Mr. Qin Chuan, executive Director and Chief Executive Officer of the Company, and Mr. Leung Kee Wai, Chief Financial Officer and Company Secretary of the Company. Qujiang Investment and its nominated directors, namely, Mr. Huang Shunxu and Mr. Li Yang, did not participate in discussions or negotiations with Glory Keen regarding the Share Buy-back, save for discussions within the Board.

Taking into consideration the potential dilutive effect in the event that the Preferred Shares are converted, the Company and Glory Keen agreed that the Company should buy back all the outstanding Preferred Shares held by Glory Keen by way of Share Buy-back and issue of one-year interest-free promissory notes and considered this the optimal solution to resolve the long-standing issues for the Preferred Shares being outstanding. The GCX Share Charge can provide security to Glory Keen for the Company's obligation to satisfy its payment obligation for the Share Buy-back.

For the reasons above, the Board (excluding members of the Code IBC and the Listing Rules IBC who will reserve their judgment after taking advice from the Independent Financial Adviser) believes that the terms and conditions of the Agreement and the GCX Share Charge are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

REGULATORY REQUIREMENTS

Share Buy-backs Code

The Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, the approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the SGM.

Other arrangements

As at the date of this announcement, other than (a) the approximately 28.07% interest in the existing total issued ordinary share capital of the Company owned by Glory Keen; and (b) the Preferred Shares, which are proposed to be bought back by the Company pursuant to the Agreement, none of Glory Keen or parties acting in concert with it:

- (i) holds, owns, controls or directs any Ordinary Shares, convertible securities, warrants, options or derivatives in respect of the Ordinary Shares;
- (ii) has secured an irrevocable commitment to vote in favour of or against the Agreement and the transactions contemplated thereunder (including but not limited to the Share Buy-back);
- (iii) holds outstanding warrants, options or securities convertible into Ordinary Shares or derivatives in respect of the Ordinary Shares;
- (iv) has any arrangement (whether by way of option, indemnity or otherwise) or contracts under Note 8 to Rule 22 of the Takeovers Code in relation to the Ordinary Shares which might be material to the Agreement and/or the Share Buy-back;

- (v) save for the Agreement, has any agreement or arrangement to which Glory Keen and parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Agreement and/or the Share Buy-back; or
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this announcement, none of the Company or parties acting in concert with it:

- (i) holds, owns, controls or directs any Ordinary Shares, convertible securities, warrants, options or derivatives in respect of the Ordinary Shares;
- (ii) has secured an irrevocable commitment to vote in favour of or against the Agreement and the transactions contemplated thereunder (including but not limited to the Share Buy-back);
- (iii) holds outstanding warrants, options or securities convertible into Ordinary Shares or derivatives in respect of the Ordinary Shares;
- (iv) has any arrangement (whether by way of option, indemnity or otherwise) or contracts under Note 8 to Rule 22 of the Takeovers Code in relation to the Ordinary Shares which might be material to the Agreement and/or the Share Buy-back;
- (v) save for the Agreement, has any agreement or arrangement to which the Company and parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Agreement and/or the Share Buy-back; or
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

In addition, the Company and Glory Keen confirm that as at the date of this announcement:

- (i) apart from the consideration as provided in the paragraph headed “Consideration” in this announcement, there is no consideration, compensation or benefit in whatever form paid or to be paid or payable by the Group to Glory Keen or any party acting in concert with it in connection with the Share Buy-back; (ii) apart from the Agreement there is no understanding, arrangement, agreement or special deal between the Group on the one hand, and Glory Keen and any party acting in concert with it on the other hand; and (iii) there is no understanding, arrangement or agreement or special deal between (1) any Shareholder; and (2) the Company, its subsidiaries or associated companies.

Listing Rules

Glory Keen is beneficially interested in 322,727,272 Ordinary Shares, representing approximately 28.07% of the total number of Ordinary Shares in issue. Accordingly, Glory Keen is a substantial shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of each of the Share Buy-back and the entering into of the GCX Share Charge is 5% or more, the Share Buy-back and the entering into of the GCX Share Charge constitute connected transactions for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Voting

The voting in respect of the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge) at the SGM will be conducted by way of poll. As at the date of this announcement, Glory Keen directly holds 322,727,272 Ordinary Shares, representing approximately 28.07% of the existing issued ordinary share capital of the Company. (i) Glory Keen together with its associates and parties acting in concert; (ii) the Shareholders who are interested in or involved in the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge); and (iii) Shareholders who have a material interest in the Agreement and the transactions contemplated thereunder which is different from the interest of all other Shareholders, will be required under the Share Buy-backs Code and the Listing Rules to abstain from voting on the resolution(s) approving the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge). Save for Glory Keen, no other Shareholder is required to abstain from voting on the resolutions in respect of the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge) at the SGM.

GENERAL

The Independent Financial Adviser has been appointed to advise the Code IBC, the Listing Rules IBC and the Independent Shareholders on the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge).

The Code IBC comprising Mr. Li Yang, Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the non-executive and independent non-executive Directors (except Mr. Chen Shuai who is a non-executive Director nominated by Glory Keen), has been established under the Share Buy-backs Code to give recommendations to the Independent Shareholders as to how to vote on the resolution(s) to be proposed at the SGM in respect of the Share Buy-back and the underlying transactions.

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

A circular containing, among other things (i) further details of the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge); (ii) the letter from the Code IBC giving its recommendation to the Independent Shareholders on the Share Buy-back and the underlying transactions; (iii) the letter from the Listing Rules IBC giving its recommendation to the Independent Shareholders on the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge); (iv) the letter from the Independent Financial Adviser containing its advice to the Code IBC, the Listing Rules IBC and the Independent Shareholders in the same regard; (v) the notice of the SGM; and (vi) other information as required under the Listing Rules and the Share Buy-backs Code will be dispatched to the Shareholders in accordance with the Share Buy-backs Code within 21 days of the date of this announcement or in accordance with the Listing Rules within 15 Business Days from the date of this announcement, whichever is earlier. As such, the expected date of dispatch of the circular will be on or before 6 July 2022.

The Shareholders and potential investors of the Company should be aware that the Share Buy-back is subject to the conditions precedent set out in this announcement, and consequently the Share Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Agreement”	the agreement dated 15 June 2022 entered into between the Company and Glory Keen in relation to the Share Buy-back
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Buy-back Price”	approximately HK\$0.21 per Preferred Share under the Share Buy-back
“Bye-Laws”	the bye-laws of the Company, as amended from time to time

“Code IBC”	the independent committee of the Board, comprising Mr. Li Yang, Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the non-executive Director and independent non-executive Directors (except Mr. Chen Shuai who is a non-executive Director nominated by Glory Keen), all of whom are not involved in and/or interested in the Share Buy-back, established under the Share Buy-backs Code to give recommendations to the Independent Shareholders in respect of the Share Buy-back
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability and the Ordinary Shares of which are listed on the main board of the Stock Exchange (stock code: 162)
“Completion”	completion of the Share Buy-back pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Existing GCX Share Charge”	the share charge dated 27 December 2012 and executed by the Company pursuant to which the entire issued share capital of GCX held by the Company was made subject to a charge in favour of Glory Keen as security for the due performance of the Company in relation to the issuance of the Preferred Shares
“GCX”	Golden Chance (Xian) Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands as at the date of this announcement
“GCX Share Charge”	the share charge to be executed and delivered by the Company on Completion pursuant to which the entire issued share capital of GCX held by the Company is to be made subject to a charge in favour of Glory Keen

“Glory Keen”	Glory Keen Holdings Limited, the subscriber of the Preferred Shares and a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Code IBC, the Listing Rules IBC and the Independent Shareholders (as applicable) in connection with the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge)
“Independent Shareholders”	the Shareholders other than (i) Glory Keen and the parties acting in concert with it; (ii) the Shareholders who are involved in or interested in the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge); and (iii) Shareholders who have a material interest in the Agreement and the transactions contemplated thereunder which is different from the interest of all other Shareholders, and who are required to abstain from voting on the relevant resolutions at the SGM
“Last Trading Day”	15 June 2022, being the last trading day of the Ordinary Shares immediately before the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules IBC”	the independent committee of the Board, comprising Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong, being all the independent non-executive Directors, established under the Listing Rules to give recommendations to the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Share Buy-back and the GCX Share Charge)

“Long Stop Date”	31 December 2022
“Ordinary Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“PRC”	the People’s Republic of China
“Preferred Shares”	the 1,177,068,181 non-voting and perpetual convertible preferred shares of nominal value of HK\$0.10 per share issued by the Company to Glory Keen pursuant to the Subscription Agreement
“Qujiang Investment”	Qujiang Cultural Financial International Investment Limited (曲江文化金融國際投資有限公司), a company holding approximately 29.24% of the total number of Ordinary Shares in issue as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the resolutions approving the Agreement and the transactions contemplated thereunder, including the Share Buy-back and the GCX Share Charge
“Share Buy-back”	the buy-back of the Preferred Shares by the Company from Glory Keen for cancellation pursuant to the terms and conditions of the Agreement, which constitutes an off-market share buy-back by the Company under Rule 2 of the Share Buy-backs Code
“Share Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Share(s)”	Ordinary Shares and Preferred Shares
“Shareholder(s)”	the holder(s) of the Ordinary Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 22 October 2012 entered into between the Company as issuer and Glory Keen as subscriber in relation to the issue of the Preferred Shares

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules
“Takeovers Code” the Hong Kong Code on Takeovers and Mergers
“%” per cent

By Order of the Board
Century Ginwa Retail Holdings Limited
Huang Shunxu
Chairman

Hong Kong, 15 June 2022

As at the date of this announcement, 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.

In this announcement, the exchange rate between RMB and HK\$ as at 31 December 2021 shall be RMB0.8137 : HK\$1.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.