
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, 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 with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE LEASE AGREEMENT AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 3 to 11 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, 21 July 2022 at 11:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use in connection with the SGM is enclosed with 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 form of proxy 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 37.4 degrees Celsius or above 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 is 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.

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DEFINITIONS

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

“Board”	the board of Directors
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 162)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 Lease issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 June 2022, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
“Lease Agreement”	the lease agreement dated 17 June 2022 entered into between Xi’an Century Ginwa as lessee and the Lessor as lessor in respect of the lease of the Premise for a term of 20 years
“Lessor”	Shaanxi Daming Palace Investment Development Co., Ltd.* (陝西大明宮投資發展有限責任公司), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Lessor and Xi’an Century Ginwa, each a “Party”

DEFINITIONS

“PRC”	the People’s Republic of China
“Premise”	the commercial property “Daming Palace Shopping Mall (大明宮購物中心)” located at No. 359 Taihua North Road in Weiyang District, Xi’an City, with two floors underground and seven floors above ground
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Thursday, 21 July 2022 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the Lease Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Xi’an Century Ginwa”	Xi’an Century Ginwa Shopping Mall Company Limited* (西安世紀金花購物有限公司), a company established in the PRC and is an indirect wholly owned subsidiary of the Company
“%”	per cent
“m ² ”	square metres

* *The English transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

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 HM11
Bermuda

Principal Place of Business

in Hong Kong:

Unit 301, 3/F, OfficePlus@Wan Chai
303 Hennessy Road, Wanchai
Hong Kong

30 June 2022

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE LEASE AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 17 June 2022. The purpose of this circular is to provide you with further information in relation to (i) the Lease Agreement and the transactions contemplated thereunder; and (ii) a notice of the SGM.

LETTER FROM THE BOARD

2. LEASE AGREEMENT

- Date: 17 June 2022
- Parties:
- (1) Shaanxi Daming Palace Investment Development Co., Ltd.* (陝西大明宮投資發展有限責任公司) as lessor
 - (2) Xi'an Century Ginwa Shopping Mall Company Limited* (西安世紀金花購物有限公司) as lessee
- Premise to be leased: The commercial property "Daming Palace Shopping Mall (大明宮購物中心)" located at No. 359 Taihua North Road in Weiyang District, Xi'an City, with two floors underground and seven floors above ground. The Premise is for commercial purposes.
- Whilst the actual leased floor area of the Premise is 212,814.89 m², the Parties have agreed that the floor area for the purposes of calculation of rental fee under the Lease Agreement is 167,313.16 m².
- Preparatory Period, Rent-free Period and Lease Term: Xi'an Century Ginwa is entitled to a 16-month period of preparatory period for redecoration and renovation of the Premise (the "**Preparatory Period**"), commencing from the effective date of the Lease Agreement.
- A term of the lease under the Lease Agreement is 20 years commencing from the day after the expiration of the Preparatory Period (the "**Lease Term**"). The first six-month period of the Lease Term is the rent-free period (the "**Rent-free Period**").
- If the Lessor delays in delivering the Premise, the Preparatory Period, the Rent-free Period and the Lease Term shall be extended accordingly.

LETTER FROM THE BOARD

Rental fee: During the Preparatory Period and the Rent-free Period, no rental fee will be paid by Xi'an Century Ginwa.

During the Lease Term after the Rent-free Period, the rental fee is approximately RMB1,669,977,800 (tax inclusive) in total and shall be calculated at the following rates for each period:

Period	Rate per month (RMB0'000)	Total rent	
		per annum (RMB0'000)	Increment
1st year	610.69	3,664.16 <i>Note</i>	/
2nd – 3rd years	610.69	7,328.32	/
4th – 6th years	641.23	7,694.73	5%
7th – 9th years	673.29	8,079.47	5%
10th – 12th years	710.32	8,523.84	5.5%
13th – 15th years	749.39	8,992.65	5.5%
16th – 18th years	794.35	9,532.21	6%
19th – 20th years	842.01	10,104.14	6%

Note: The first six-month period of the first year of the Lease Term is the Rent-free Period.

Xi'an Century Ginwa shall be responsible for paying the utility costs such as water and electricity and the air-conditioning charges as well as the property management service fees incurred in respect of the Premise during the Preparatory Period and the Lease Term.

Payment terms: Within seven days after the signing of the Lease Agreement, Xi'an Century Ginwa shall pay the earnest money of RMB70 million (the “**Earnest Money**”) by way of wire transfer to the Lessor. After expiration of the Preparatory Period, RMB20 million of the Earnest Money will be re-assigned as performance bond (the “**Performance Bond**”) and RMB50 million will be re-assigned as prepaid rental fees during the Lease Term (the “**Prepaid Rentals**”). The nature of the Performance Bond is the guarantee on the fulfilment of Xi'an Century Ginwa's obligations under the Lease Agreement, and if it fails to perform the obligations hereunder, the Lessor shall have the right to deduct the expenses and losses arising therefrom from the Performance Bond.

LETTER FROM THE BOARD

If the Lease Term expires or the Lease Agreement terminates, subject to other terms of the Lease Agreement, the Earnest Money, the Performance Bond and the remaining part of the Prepaid Rentals shall be refunded to Xi'an Century Ginwa within ten days.

If the Lease Agreement does not take effect within 90 days after the signing of the Lease Agreement or if the Lease Agreement was dissolved during the Preparatory Period, the total amount of the Earnest Money shall be refunded to Xi'an Century Ginwa within seven days after the Lessor is notified by Xi'an Century Ginwa.

During the Lease Term, the rental fee shall be payable every three months (the "**Rental Payment Period**"). Xi'an Century Ginwa shall make the rental payment for the next Rental Payment Period 15 days prior to the expiration of the current Rental Payment Period.

If there is any overdue payment of rental fees and Xi'an Century Ginwa fails to rectify the overdue payment within 90 working days after receiving the written notice from the Lessor, Xi'an Century Ginwa will be subject to a daily penalty fee of 0.02% of the overdue amount.

Right of first refusal:

In the event that the Lessor proposes to sell the whole or any portion of the Premise to any third party, the Lessor shall notify Xi'an Century Ginwa of the proposed sale three months prior to the signing of the sales contract and Xi'an Century Ginwa shall have a right of first refusal to purchase such portion of the Premise during the Lease Term.

Renewal or termination of the Lease Agreement:

Both Parties shall reach an agreement on whether to renew the Lease Agreement three months prior to the expiration of the Lease Term. Under the same commercial conditions, Xi'an Century Ginwa has the priority to lease the Premise.

LETTER FROM THE BOARD

The Lease Agreement may be terminated in certain circumstances and the defaulting party shall pay liquidated damages to the non-defaulting party according to the terms of the Lease Agreement. In addition, considering the changing business environment of the Premise (including the people flow, nearby population density, traffic conditions, commercial and residential environment, etc.), the business situation of the Premise leased and operated by Xi'an Century Ginwa may be affected. Both Parties agree that, if the Premise leased to Xi'an Century Ginwa reports loss in three consecutive months after it commences operating during the Lease Term, Xi'an Century Ginwa is entitled to terminate the Lease Agreement without being liable for breach of contract and all decoration and additions of the Premise made by Xi'an Century Ginwa shall belong to the Lessor.

Effective date of the Lease Agreement:

The Lease Agreement will become effective after being signed and sealed by the legal representatives or authorized persons of both Parties and the delivery of the Premise by the Parties, subject to the approval by the Shareholders at the general meeting of the Company.

In the event that Xi'an Century Ginwa decides to terminate, revise or renew the Lease Agreement, or exercise its right of first refusal as described above in the future, the Company shall comply with all applicable requirements under the Listing Rules.

The rental fee and its payment arrangement were determined after arm's length negotiations between the Parties with reference to (i) the prevailing market rent of the Premise, which was RMB6,195,000 per month as at 31 March 2022 as valued by an independent professional valuer using market comparison method having taken into account comparable premises in the vicinity of the Premise, the valuation report of which is set out in Appendix II to this circular; (ii) the leasable area, geographic location and surrounding conditions of the Premise; and (iii) an increment in rental fee at a rate ranging from 5% to 6% every three years having taken into account the growth trend of the rental fee in the Xi'an City and Shaanxi Province commercial property markets. With the steady development of Xi'an City and Shaanxi Province's economy, Xi'an City and Shaanxi Province's commercial property market have maintained an overall upward trend in the past. It is expected that the rent of Xi'an City and Shaanxi Province commercial property market will also maintain a steadily upward trend in future. It is a common market practice that rent increase terms are pre-determined in tenancies so that the rent payable would increase accordingly during the agreed leased terms. As advised by the independent professional valuer, various large-scale tenancies in Xi'an City and Shaanxi Province have adopted the rent increase magnitude range from 5% to 8% every three years. The rental fee is expected to be funded through the internal resources of the Group.

LETTER FROM THE BOARD

3. INFORMATION ON THE PARTIES

The Lessor

The Lessor was established under PRC laws with limited liability and principally engages in investment management business. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Lessor was ultimately controlled by Xi'an Qujiang New District Management Committee* (西安曲江新區管理委員會) (the "Committee"), which through its controlled subsidiaries indirectly owns approximately 95.56% equity interests of the Lessor. Specifically, the Lessor is directly wholly owned by Xi'an Qujiang Daming Palace Construction and Development Co., Ltd.* (西安曲江大明宮建設開發有限公司), which is principally engaged in infrastructure construction, tourist site area development and management, etc. Xi'an Qujiang Daming Palace Construction and Development Co., Ltd.* is directly wholly owned by Xi'an Qujiang Daming Palace Investment (Group) Co., Ltd.* (西安曲江大明宮投資(集團)有限公司), which is principally engaged in real property development and culture tourism, etc. Xi'an Qujiang Daming Palace Investment (Group) Co., Ltd.* is owned as to (i) approximately 70.37% by Xi'an Qujiang Cultural Holding Company Limited* (西安曲江文化控股有限公司), which is directly owned as to 99.9% by the Committee and is principally engaged in investments in culture, urban construction, transportation, tourism, and other related fields; (ii) approximately 25.19% by Xi'an Qujiang Culture Industry Investment (Group) Co., Ltd.* (西安曲江文化產業投資(集團)有限公司), a direct wholly-owned subsidiary of Xi'an Qujiang Cultural Holding Company Limited*; and (iii) approximately 4.44% by CDB Development Fund Co., Ltd. (國開發基金有限公司), a direct wholly-owned subsidiary of China Development Bank (國家開發銀行) which is a policy financial institution under the direct leadership of the State Council of China. As at the Latest Practicable Date, Qujiang Cultural Financial International Investment Limited (曲江文化金融國際投資有限公司) directly holds approximately 29.24% of the ordinary shares in issue of the Company and thus is a substantial shareholder of the Company. Xi'an Qujiang Cultural Financial Holdings (Group) Co. Ltd.* (西安曲江文化金融控股(集團)有限公司) holds the entire issued share capital of Qujiang Cultural Financial International Investment Limited. Each of the 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. As such, the Committee indirectly controls approximately 29.24% of the ordinary shares in issue of the Company. It is an administrative agency of Xi'an People's Government (西安市人民政府), a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules, and therefore not a connected person of the Company by virtue of Rule 14A.10 of the Listing Rules. Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and the subsidiaries controlled by the Committee which currently holds equity interest in the Lessor do not have any other relationship (such as shareholding or business), formal or informal, with the Company and its connected persons.

LETTER FROM THE BOARD

Xi'an Century Ginwa

Xi'an Century Ginwa was established under PRC laws with limited liability and is an indirect wholly-owned subsidiary of the Company. It principally engages in the operation of department stores.

4. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LEASE AGREEMENT

The Group principally engages in the operation of department stores, a shopping mall and supermarkets in the PRC. Daming Palace Shopping Mall has an advantageous commercial location, and the surrounding customers have comparatively strong consumption capacity. The Company plans to create an immersive consumer shopping center of Tang culture in the Daming Place Shopping Mall, with cultural and tourism ecology and innovative urban complex as its orientation, and the overall commercial planning of which will be organically combined with the cultural and tourism features of the adjacent Daming Palace. Business types of the Daming Place Shopping Mall will include (i) shopping (cultural and creative business, flagship stores with theme activities, online and offline highly integrated); (ii) new catering; and (iii) immersive entertainment experience. The entering into of the Lease Agreement to operate the Premise as a new, full-customer, and intelligent comprehensive shopping center is in line with the Company's strategic plan, which can provide a meaningful supplement to the Company's existing commercial projects which are in relatively small size with traditional department store business model, and help to revitalize the Company's brand position in the Xi'an market and be conducive to the overall performance of the Group.

The Directors consider that the Lease Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Company, and that the terms thereof are fair and reasonable and in the interest of the Company and its shareholders as a whole.

As at the Latest Practicable Date, the Company currently has no intention and did not enter into any memorandum or agreement to acquire any new business or dispose of its existing business.

LETTER FROM THE BOARD

5. FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE LEASE AGREEMENT

The value of the right-of-use asset to be recognized by the Group under the Lease Agreement amounts to approximately RMB829.91 million which is calculated with reference to the present value of the total rental fee payable under the Lease Agreement and lease payments made at or before the commencement date in accordance with HKFRS 16. Incremental borrowing rate of 6.70% is applied to compute the present value of total rental fee payable under the Lease Agreement. The right-of-use asset will be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Interest expenses on the lease liabilities will be recognized at the rate of 6.70% per annum. After the commencement date of the lease, the lease liabilities are adjusted by the interest accretion and lease payments. Upon commencement of the lease term under the Lease Agreement, the consolidated total assets of the Group will increase by approximately RMB782.74 million (being the value of the right-of-use asset of approximately RMB829.91 million less Prepaid Rentals before value-added tax of approximately RMB47.17 million), and a corresponding amount of lease liabilities of approximately RMB782.74 million will be recognized at the same time. The Group expects the transaction contemplated under the Lease Agreement will increase the annual depreciation charges of right-of-use assets by approximately RMB41.5 million and finance costs in relation to the lease liability by approximately RMB54.08 million in the first year of the Lease Agreement.

6. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Lease Agreement by Xi'an Century Ginwa as lessee will require the Group to recognize right-of-use asset in relation to the Premise on its consolidated statement of financial position. Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset to be recognized by the Group under the Lease Agreement amounts to approximately RMB829.91 million.

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of right-of-use asset to be recognized by the Group under the Lease Agreement is more than 100%, the entering into of the Lease Agreement constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

7. GENERAL

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Lease Agreement. As such, no Shareholder nor his close associates would be required to abstain from voting at the SGM on the resolution to approve the same.

LETTER FROM THE BOARD

8. SGM

A notice of the SGM to be held at 24/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong on Thursday, 21 July 2022 at 11:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, an ordinary resolution will be proposed to consider and, if thought fit, to approve the Lease Agreement and the transactions contemplated thereunder.

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 thereon 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, and in such event, the form of proxy shall be deemed to be revoked.

9. 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 the resolution to be proposed at the SGM.

10. RECOMMENDATION

The Directors consider that the terms of the Lease Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Lease Agreement and the transactions contemplated thereunder.

11. 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 development of community fresh business and asset-light business. In respect of the community fresh business, the Company aims to build a life gathering center within the radius of the community, based on three dimensions of health, organic nutrition and life services, to lead to a quality life while providing shopping convenience for high-level customers. As at the Latest Practicable Date, the Group has opened a total of 5 community fresh stores and it has been making efforts to expand and open more stores in the second half of this year. In respect of the asset-light business, similar to the lease arrangement and overall operation of the Daming Palace Shopping Mall, the Company will continue to seek the opportunities in Xi'an City and Xianyang City to procure the right of management of commercial projects of high volume level taking into account the future urban development and consumption power distribution, which will 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 12 May 2022

	Balance at 12 May 2022 <i>RMB'000</i>
Bank loans	
– Secured and guaranteed	999,000
– Unsecured and guaranteed	70,000
	1,069,000
	1,069,000
Loans from other financial institutions	
– Secured and guaranteed	940,000
– Unsecured and guaranteed	9,560
– Unsecured and unguaranteed	1,801,962
	2,751,522
	2,751,522
Lease liabilities	
– Unsecured and unguaranteed	275,260
	275,260
	275,260
Total outstanding debts	4,095,782

Material contingent liabilities

At the close of business on 12 May 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**”), the then substantial shareholder of the Company, in August 2005. Ginwa Investments has ceased to be a substantial shareholder of the Company since June 2020. 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 12 May 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 12 May 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 <i>RMB'000</i>	Supermarkets <i>RMB'000</i>	Total <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 and other borrowings of the Group were RMB2,707.4 million (with fixed rate borrowings of RMB1,379.0 million) as at 31 March 2020 (2019: RMB2,364.4 million). The maturity profile of such borrowings is set out below:

	At 31 March 2020	At 31 March 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,465,886	866,401
After 1 year but within 2 years	707,000	257,000
After 2 years but within 5 years	315,517	973,000
After 5 years	219,000	268,000
	<u>2,707,403</u>	<u>2,364,401</u>

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 and other borrowings of the Group were RMB3,115.5 million (with fixed rate borrowings of RMB2,000.0 million) as at 31 December 2020 (31 March 2020: RMB2,707.4 million). The maturity profile of such borrowings is set out below:

	At 31 December 2020	At 31 March 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,766,455	1,465,886
After 1 year but within 2 years	465,000	707,000
After 2 years but within 5 years	704,000	315,517
After 5 years	180,000	219,000
	<u>3,115,455</u>	<u>2,707,403</u>

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		
	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 and other borrowings of the Group were RMB3,611.1 million (with fixed rate borrowings of RMB 2,711.1 million) as at 31 December 2021 (31 December 2020: RMB3,115.5million). The maturity profile of such borrowings is set out below:

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year	2,151,486	1,766,455
After 1 year but within 2 years	844,000	465,000
After 2 years but within 5 years	511,576	704,000
After 5 years	104,000	180,000
	<u>3,611,062</u>	<u>3,115,455</u>

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 Acquisition and Disposal and Significant Investments

For the year ended 31 December 2021, the Company did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 December 2021, the Group did not hold any significant investments.

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.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the rental value of the Premise, to be leased to the Group, as at 31 March 2022.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

30 June 2022

The Directors
Century Ginwa Retail Holdings Limited
Unit 301, 3/F
OfficePlus@Wan Chai
303 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

Re: Daming Palace Shopping Mall, No.359 Taihua North Road, Weiyang District, Xi'an City, Shaanxi Province, the People's Republic of China
(中華人民共和國陝西省西安市未央區太華北路359號大明宮購物中心)

Instructions, Purpose & Valuation Date

In accordance with the instructions of Century Ginwa Retail Holdings Limited (the "**Company**") for us to provide our opinion of the market rent of the Premise to be leased to the Company or its subsidiary (collectively the "**Group**") in the People's Republic of China (the "**PRC**") (as more particularly described in the attached valuation report), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the Premise as of 31 March 2022 (the "**Valuation Date**").

Valuation Basis

Our valuation of the Premise represent its market rent which in accordance with HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

Valuation Assumption

Our valuation of the Premise exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation has been made on the assumption that the lessor leases or lets the Premise on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the Premise.

Unless otherwise stated, our valuation of the Premise is on a 100% interest basis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Premise nor for any expenses or taxation which may be incurred in effecting a lease.

Unless otherwise stated, it is assumed that the Premise is free from encumbrances, restrictions and onerous nature which could affect its market rent.

Method of Valuation

In valuing the Premise, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the Premise under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the Premise and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the Premise.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Premise, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

Dimensions, measurements and areas included in the valuation reports are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with the copies of title documents relating to the Premise in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Premise in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the Premise the PRC.

In valuing the Premise, we have assumed that the owner of the Premise has an enforceable title to the Premise and has free and uninterrupted rights to use, occupy, assign or lease the Premise for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copy of relevant documents provided by the Company are true and accurate.

Site Inspection

Ms. Karlie Sui, with 1 year of experience in property valuation in the PRC, of our XI'AN office inspected the exterior and, wherever possible, the interior of the Premise in April 2022. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report whether the Premise is free of rot, infestation or any other structural defects. No test was carried out on any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Premise and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Renminbi ("RMB"), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Premise or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Market Volatility

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Premise is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 29 years' experience in the valuation of properties in the PRC.

VALUATION REPORT

Premise to be leased by the Group in the PRC

Premise	Description and tenure	Particulars of occupancy	Market Rent in existing state as at 31 March 2022
Daming Palace Shopping Mall, No.359 Taihua North Road, Weiyang District, Xi'an City, Shaanxi Province, the PRC (中國陝西省西安市未央區太華北路359號大明宮購物中心)	<p>The Premise is a commercial development completed in about 2018 on a parcel of land with a site area of 38,400.15 m².</p> <p>According to the Real Estate Title Certificates provided by the Landlord, the Premise comprise a 7-storey shopping mall above ground and a 2-storey underground, with a total gross floor area of approximately 212,814.89 m² and 1,037 car parks.</p>	As at the Valuation Date, the Premise was vacant, and its current interior was bare shell finish.	RMB6,195,000 (RENMINBI SIX MILLION ONE HUNDRED NINETY FIVE THOUSAND) per month, (Please see Note 1 on next page.)

The Premise has a total leasable gross floor area of 212,814.89 m² with details as follows:

Floor	Leasable Gross Floor Area (m ²)
<i>Car Parks and refuge</i>	
<i>B1 & B2 Sub-total</i>	<i>45,501.73</i>
Commercial area	
B1	13,389.12
L1	22,459.72
L2	22,368.22
L3	23,245.07
L4	22,851.72
L5	24,081.89
L6-7	38,917.42
<i>B1 to L7 Sub-total</i>	<i>167,313.16</i>
Grand Total	212,814.89

The Premise is located at Taihua North Road, Weiyang District, Xi'an City. The Premise is about 500 metres away from the Daming Palace North Station of the Metro Line No.4. Development nearby are mainly commercial, office and residential developments.

The land use rights of the Premise is allocated for wholesale and retail use at unspecified term.

Notes:

- (1) The rental valuation is conducted on the assumption that the Premise is let for a term of 20 years from the Valuation Date with tenancy details as below:

The Premise:	Daming Palace Shopping Mall, No.359 Taihua North Road, Weiyang District, Xi'an City, Shaanxi Province, the PRC (中國陝西省西安市未央區太華北路359號大明宮購物中心)
Lease Term:	20 years
Rent Free Period:	First 6 months
Monthly Rent for 1st Year:	RMB6,195,000, inclusive of VAT Rent Payable

Year	Monthly Rent Payable inclusive of VAT (RMB)	Rent increase every 3 years	Remarks
1	6,195,000	N/A	Rent Free First 6 months
2	6,195,000	N/A	N/A
3	6,195,000	N/A	N/A
4	6,504,750	5.0%	N/A
5	6,504,750	N/A	N/A
6	6,504,750	N/A	N/A
7	6,829,988	5%	N/A
8	6,829,988	N/A	N/A
9	6,829,988	N/A	N/A
10	7,205,637	5.5%	N/A
11	7,205,637	N/A	N/A
12	7,205,637	N/A	N/A
13	7,601,947	5.5%	N/A
14	7,601,947	N/A	N/A
15	7,601,947	N/A	N/A
16	8,058,064	6.0%	N/A
17	8,058,064	N/A	N/A
18	8,058,064	N/A	N/A
19	8,541,547	6.0%	N/A
20	8,541,547	N/A	N/A

- (2) According to Real Estate Title Certificate, the land use rights of the Premise, with a site area of 38,400.15 m², is allocated to Shaanxi Daming Palace Investment Development Co., Ltd. (陝西大明宮投資發展有限責任公司) for wholesale and retail use at unspecified term.
- (3) According to 9 Real Estate Title Certificates, the building ownership of the Premise, with a total gross floor area of 212,814.89 m² is vested in Shaanxi Daming Palace Investment Development Co., Ltd. (陝西大明宮投資發展有限責任公司) for commercial, car park and refuge uses.

- (4) We have adopted Market Comparison Method to select the relevant rent comparable. We have made reference to some rent comparable to the Premise and nearby development. The rent comparable selected by us are exhaustive. Comparable premises are selected based on the following criteria: (i) the rent of comparable properties took place in 2022; (ii) comparable properties located in Xi'an City (iii) the nature of the comparable properties are similar to the Premise (i.e. being properties for commercial purposes). We have selected three relevant rent comparables; the unit rents of these comparable properties range from about RMB37 per m² per month to RMB42 per m² per month. Our concluded market rent of the Premise is about RMB37 per m² per month. In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to time, location and physical characteristics between the Premise and the comparable properties. The general basis of adjustment is if the Premise is better than the comparable properties, an upward adjustment is made. Alternatively, if the Premise is inferior or less desirable than the comparable properties, a downward adjustment is made.

In the course of our rent valuation, we have considered the adjustments of the rent comparables:

Adjustment Factors	Adjustment Range
Geographical location	-2% and 0%
Regional Prosperity	-2% and 0%
Building Age	-2% to +2%
Scale	-2%

Based on our independent adjustment on the rent comparables as mentioned above, we are of the view that our opinion of the market rent of the Premise to be fair and reasonable.

- (5) With the steady development of Xi'an City and Shaanxi Province's economy, Xi'an City and Shaanxi Province's commercial property market have maintained an overall upward trend in the past. It is expected that the rent of Xi'an City and Shaanxi Province commercial property market will also maintain a steadily upward trend in future.

It is a common market practice that rent increase terms are pre-determined in tenancies so that the rent payable would increase accordingly during the agreed leased terms. According to our analysis of various large-scale tenancies in Xi'an City and Shaanxi Province, we have seen the rent increase magnitude range from 5% to 8% every 3-year. The final agreed rent increase% is subject to the commercial decision of the lessor and the lessee.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive was taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Nature of interest	Number of issued Shares held	Approximate percentage of the issued Share capital of the Company
Ms. Wan Qing	Interests of spouse	123,500 <i>(Note 1)</i>	0.01%

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 and chief executive of the Company, persons (other than a Director 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 the provisions of 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, were as follows:

(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 year without payment of compensation (other than statutory compensation).

4. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

5. DIRECTORS’ INTERESTS IN ASSETS OR CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors (i) had any direct or indirect interest in any assets which had been, since 31 December 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 any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; or (ii) were materially interested in any contract or arrangement subsisting and which is 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 was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against 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 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**");
- (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; and
- (f) the agreement dated 15 June 2022 entered into between the Company and Glory Keen pursuant to which the Company conditionally agreed to buy back from Glory Keen, and Glory Keen conditionally agreed to sell to the Company, the 1,177,068,181 non-voting and perpetual convertible preferred shares of the Company at the buy-back price of approximately HK\$0.21 per preferred share.

8. EXPERT

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

Expert	Qualification
Cushman & Wakefield Limited	Independent qualified valuer

As at the Latest Practicable Date, the above expert:

- (1) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name, in the form and context in which they appear;
- (2) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (3) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. GENERAL

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Unit 301, 3/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong.
- (c) The company 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, and a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's Hong Kong branch share registrar and transfer office 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 form of proxy shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

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

- (a) the Lease Agreement;
- (b) the valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix II 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 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, 21 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:

the lease agreement dated 17 June 2022 entered into between Xi’an Century Ginwa Shopping Mall Company Limited* (西安世紀金花購物有限公司) as lessee and Shaanxi Daming Palace Investment Development Co., Ltd.* (陝西大明宮投資發展有限責任公司) as lessor (the “Lease Agreement”) and the transactions contemplated thereunder be approved, ratified and confirmed; and any director of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, sign, initial, ratify and/or execute all documents which may in his opinion be necessary, desirable or expedient to implement and give effect to any matters arising from, relating to or incidental to the Lease Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 30 June 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

NOTICE OF THE SPECIAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice (or any adjournment thereof) is entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and, subject to the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the SGM (or any adjournment thereof) is enclosed.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons at present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the office of the Company's Hong Kong branch registrar, Tricor Abacus Limited, at 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.
5. The register of members of the Company will be closed from 18 July 2022 to 21 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 15 July 2022. The recording date for determining the eligibility of the members to attend and vote at the meeting will be 21 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 purpose only*