

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



INSIDE INFORMATION LITIGATION ANNOUNCEMENT

This announcement is made by Century Ginwa Retail Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 17 June 2022 and the circular dated 30 June 2022, relating to the lease agreement (the “**Lease Agreement**”) entered into between Xi’an Century Ginwa Shopping Mall Company Limited* (西安世紀金花購物有限公司) (“**Xi’an Century Ginwa**”), an indirect wholly owned subsidiary of the Company, 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) (the “**Lessor**”) as lessor in respect of the lease of 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 “**Property**”) for a term of 20 years. Subsequently, Xi’an Century Ginwa entered into a supplemental agreement to the Lease Agreement with the Lessor (the “**Supplemental Agreement**”), pursuant to which the original lessee entity has been changed from Xi’an Century Ginwa to Xi’an Century Ginwa Ding Yao Shopping Mall Company Limited* (西安世紀金花鼎耀購物有限公司) (“**Century Ginwa Ding Yao**”).

1. Basic Information of this Material Litigation Proceedings

Recently, Century Ginwa Ding Yao, an indirect subsidiary of the Company, filed a civil complaint to Xi’an City Weiyang District People’s Courts. On 19 March 2024, Century Ginwa Ding Yao received the Summon of Xi’an City Weiyang District People’s Courts. The basic information of the litigation claims is as follows:

- (1) Century Ginwa Ding Yao claims that the Lease Agreement and the Supplemental Agreement be ruled as dissolved on 27 November 2023, and claims that the Lessor be ruled to repay Century Ginwa Ding Yao the earnest money of RMB70 million, and pay to Century Ginwa Ding Yao the interests from 5 December 2023 to actual repayment date to be calculated based on the Loan Prime Rate announced by the National Interbank Funding Center; and
- (2) Century Ginwa Ding Yao claims that the Lessor be ruled to compensate Century Ginwa Ding Yao the cost associated with the surrender of the Property of RMB177,520.8, to pay the maintenance and inspection fees in respect of the Property of RMB1,009,700, and to bear the litigation costs, security costs, legal fees of Century Ginwa Ding Yao as the plaintiff in the litigation for exercising the rights

(collectively, the “**Litigation Claims**”)

2. The Facts and Reasons of the Litigation Case

Pursuant to the terms of the Lease Agreement, if the Lease Agreement does not take effect within 90 days after signing or if the Lease Agreement was dissolved during the preparatory period, the earnest money of RMB70 million shall be refunded to Century Ginwa Ding Yao within 7 days in a lump sum after the Lessor is notified by Century Ginwa Ding Yao. As the preparatory period was 16 months (the preparatory period shall not be counted in the lease term) commencing from the effective date of the Lease Agreement, coupled with the conditions to which the Lease Agreement come into effect, the Lease Agreement shall come into effect from the signing date of the *Daming Palace Project Written Leased Property Delivery Confirmation* (i.e. 1 August 2022). Therefore, the preparatory period of the Lease Agreement should be from 1 August 2022 to 30 November 2023 (the “**Preparatory Period**”)

On 24 November 2023, Century Ginwa Ding Yao served the *Notice of Termination of Agreement* to the Lessor by post within the Preparatory Period, whereby Century Ginwa Ding Yao intended to terminate the Lease Agreement within the Preparatory Period, and it is planned to complete the evacuation and return the Property to the Lessor in December 2023. After several demand for repayment made by Century Ginwa Ding Yao, the Lessor has neither refund the earnest money of RMB70 million to Century Ginwa Ding Yao pursuant to the Lease Agreement nor proceed to relevant property surrender procedures with Century Ginwa Ding Yao under the terms of the Lease Agreement. The act of the Lessor seriously breached the Lease Agreement and caused damages to Century Ginwa Ding Yao. Century Ginwa Ding Yao was officially notarized vacant in January 2024. In addition, upon signing of the Lease Agreement and before dissolve of such agreement, the Lessor made several defaults, including delivery of the Property which is not up to the agreed standard, failed to meet its maintenance obligation, and did not bear the maintenance costs, etc. rendering Century Ginwa Ding Yao unable to use the Property properly and caused damages to Century Ginwa Ding Yao. Accordingly, Century Ginwa Ding Yao filed a civil complaint to Xi’an City Weiyang District People’s Courts and made the above Litigation Claims.

3. Impact of this Litigation on the Company

Pursuant to the Summon issued by the Xi'an City Weiyang District People's Courts in respect of the above litigation case, the first hearing of the above litigation case will be held at Daming Palace People's Court of Xi'an City Weiyang District People's Courts on 30 April 2023 at 9:00 a.m. As the above litigation case is under court proceedings and no judgement has been made, the impact on the financial position of the Company is uncertain. After due consideration, save for those expenses incurred during the preparatory process, the board of directors of the Company considers the above litigation case did not and will not materially and adversely affect the Group's financial position.

The Company will adopt relevant accounting treatments in accordance with the progress and result of the above litigation case and based on the requirements of relevant accounting standards and actual circumstances. Meanwhile, the Company will promptly perform its information disclosure obligations based on the progress of the litigation. Further announcement(s) will be made as and when there is any material development in relation to the above litigation case.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 March 2024

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Yao Jiangang, Mr. Qin Chuan and Ms. Wan Qing; two non-executive Directors, being Mr. Huang Zhihua and Mr. Chen Shuai, and three independent non-executive Directors, being Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng and Ms. Song Hong.

** For identification purpose only*