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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)

PLACING OF LISTED WARRANTS

Financial Advisor to the Company

RaffAello
CAPITAL LIMITED

Placing Agent

RaffAello
Securities (HK) Ltd

On 19 December 2014, the Company and the Placing Agent entered into the Placing Agreement under which the Placing Agent agreed to place, on a best effort basis, 158,000,000 Warrants conferring the Warrantholders the right to subscribe up to HK\$221,200,000 in aggregate in cash for 158,000,000 Shares at the initial Exercise Price of HK\$1.40 per Share. The Warrants are to be placed at an issue price of HK\$0.10 per Warrant.

The net proceeds from the Placing of approximately HK\$15,405,000 are intended to be used as general working capital of the Group. The additional proceeds of HK\$221,200,000 upon the full exercise of the subscription rights attaching to the Warrants will be used as general working capital and as funds for future development of the Group.

The new Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate. Assuming full exercise of the subscription rights attaching to the Warrants at the initial Exercise Price of HK\$1.40, 158,000,000 new Shares will be issued and they represent approximately 14.09% of the Shares of the Company in issue as at the date of this announcement and approximately 12.35% of the ordinary share capital of the Company as enlarged by the issue of the Warrant Shares.

The Placing Agreement contains provisions entitling the Placing Agent to terminate its obligations under the Placing Agreement upon the occurrence of certain events. Accordingly, the Placing may and may not proceed to completion. Shareholders and public investors are reminded to exercise caution when dealing in the securities of the Company.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrants and the Warrant Shares.

Subject to the fulfillment of the conditions of the Placing, it is expected that dealings in the Warrants on the Stock Exchange will commence on 4 February 2015.

THE PLACING

The Placing Agreement

Date

19 December 2014

Parties

- (a) the Company; and
- (b) the Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

Subject matter

The Placing Agent has conditionally agreed to place on a best effort basis 158,000,000 Warrants at the Placing Price.

Placees

The Warrants will be placed by the Placing Agent to investors independent of and not connected with the Company or any of its connected person and in compliance with Rule 8.08(2) of the Listing Rules.

Placing Price

The Placing Price is HK\$0.10 per Warrant and is determined based on arm's length negotiations between the Company and the Placing Agent with reference to the Company's share price performance. The Directors (including independent non-executive Directors) consider that the Placing Price is fair and reasonable under the present market conditions.

Based on the Placing Price of HK\$0.10 per Warrant, the market capitalisation of the Warrants at the time of listing will be HK\$15,800,000 which will be in compliance with the minimum market capitalisation requirement for warrants under Rule 8.09(4) of the Listing Rules.

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Warrants placed. The commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market rate.

Conditions of the Placing

Completion of the Placing Agreement is conditional upon the fulfillment of the following conditions on or before the Long Stop Date (or such other later date as may be agreed between the Company and the Placing Agent):

- (a) the registration of the Prospectus in compliance with the requirements of Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) with the Registrar of Companies in Hong Kong; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the Warrant Shares.

All the conditions set out in the Placing Agreement are necessary for compliance with the relevant laws, rules and regulations to which the Company is subject and therefore must be fulfilled and could not be waived. In the event that the above conditions are not fulfilled by the Long Stop Date (or such other later date as the Company and the Placing Agent may otherwise agree), the Placing Agreement will lapse and neither the Placing Agent nor the Company will have any liabilities to the other save for any antecedent breaches thereof.

Completion

Completion will take place on the second business day immediately preceding the date on which the Warrants first commence dealing on the Stock Exchange (the “Completion Date”).

Termination of the Placing Agreement

The Placing Agent has the right to terminate the Placing Agreement by notice in writing to the Company at any time prior to 8:00 a.m. on the Completion Date, if in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (e) any material breach of any of the representations, warranties or undertakings given by the Company under the Placing Agreement comes to the knowledge of the Placing Agent which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or

- (f) the suspension in the trading in the securities of the Company on the Stock Exchange for a period of more than 30 consecutive business days (as defined in the Listing Rules).

In the event that the Placing Agent terminates the Placing Agreement pursuant to the abovementioned provisions, all obligations of each of the parties under the Placing Agreement will cease and terminate and neither the Placing Agent nor the Company will have any liabilities to the other save for any antecedent breaches thereof.

PRINCIPAL TERMS OF THE WARRANTS

Amount of securities to be issued

158,000,000 Warrants conferring the Warrantholders the rights to subscribe for up to HK\$221,200,000 in aggregate in cash for 158,000,000 Shares at an initial Exercise Price of HK\$1.40 per Share (subject to adjustment).

As at the date of this announcement, the Company has 1,121,164,715 Shares in issue. Assuming the full exercise of the subscription rights attaching to the Warrants at the initial Exercise Price of HK\$1.40, 158,000,000 new Shares will be issued and they represent approximately 14.09% of the Shares of the Company in issue as at the date of this announcement and approximately 12.35% of the ordinary share capital of the Company as enlarged by the issue of the Warrant Shares.

The Warrant Shares have an aggregate nominal value of HK\$15,800,000, and a market value of HK\$194,340,000 based on the closing price of the Shares of HK\$1.23 per Share on 19 December 2014. The net issue price per Warrant Share is approximately HK\$0.0975 per Share.

As at the date of this announcement, the Company has: (i) 1,177,068,181 convertible preference shares in issue enabling holders to convert 1,294,774,999 Shares, (ii) outstanding non-listed warrants due 2016 enabling the holders of the non-listed warrants to subscribe up to 66,114,000 Shares at the adjusted subscription price of HK\$1.6012 per Share, and (iii) the 111,555,000 Shares to be issued upon the exercise of the outstanding 111,555,000 share options of the Company. Save as disclosed, the Company has no other outstanding options or warrants or other convertible securities as at the date of this announcement.

Exercise Price

Each Warrant will give the holder the right to subscribe one Share at the Exercise Price. The Exercise Price of HK\$1.40 per Share represents:

- (i) a premium of approximately 13.82% to the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on 19 December 2014, being the date of the Placing Agreement;

- (ii) a premium of approximately 14.75% to the average closing price of HK\$1.22 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement; and
- (iii) a premium of approximately 14.75% to the average closing price of HK\$1.22 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement.

The aggregate of the Placing Price of HK\$0.10 per Warrant and the initial Exercise Price of HK\$1.40, i.e. HK\$1.50, represents:

- (i) a premium of approximately 21.95% to the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on 19 December 2014, being the date of the Placing Agreement;
- (ii) a premium of approximately 22.95% to the average closing price of HK\$1.22 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement; and
- (iii) a premium of approximately 22.95% to the average closing price of HK\$1.22 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement.

The initial Exercise Price of HK\$1.40 is subject to adjustment for subdivision or consolidation of shares. The Company will publish an announcement as and when there is any adjustment to the Exercise Price.

The initial Exercise Price was determined after arm's length negotiations between the Company and the Placing Agent, after considering the Group's existing financial position, liquidity of the Shares in the market and the number of Warrant Shares involved.

Exercise Period

The subscription rights attaching to the Warrants may be exercised within the Exercise Period. Based on the current schedule of the Warrants will commence trading on the Stock Exchange on 4 February 2015, the Exercise Period will commence on 4 February 2015 and end on 3 February 2017, both days inclusive.

Any subscription rights attaching to the Warrants which have not been exercised on or before the last day of the Exercise Period will lapse and the Warrants will cease to be valid for all purposes. For the purpose of dealings on the Stock Exchange, the board lot of the Warrants will be 20,000.

Ranking of the Warrant Shares

The Warrant Shares will rank pari passu in all respects with the Shares in issue.

Voting

Warrantheolders will not be entitled to attend and vote at general meetings of the Company.

Further issue of securities

The Placing Agreement does not have any provisions that will restrict the Company from issuing further Shares, warrants, options, or other securities carrying rights to convert into or subscribe for Shares.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrants and the Warrant Shares.

GENERAL MANDATE

The Warrant Shares will be allotted and issued under the General Mandate which was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting held on 5 June 2014. Under the General Mandate, the Directors have been granted the authority to allot and issue up to 224,232,943 Shares, representing 20% of the number of Shares in issue on the date of the annual general meeting of 1,121,164,715 Shares. As at the date of this announcement, the Company has not utilized the General Mandate to issue any Shares. As the Warrants and the Warrant Shares are to be issued under the General Mandate, the Placing is not subject to Shareholders' approval.

REASONS FOR THE PLACING

The Group is principally engaged in the operation of department stores, a shopping mall and supermarkets in the People's Republic of China. The Directors (including independent non-executive Directors) consider that the Placing is an ideal opportunity to raise capital for the Company. In particular, (i) it does not have an immediate dilution effect on the shareholding of the existing Shareholders; (ii) it raises immediate funds for the Company, and if the Warrants are exercised, further funds will be raised for additional general working capital and as fund for future development of the Group where the financial conditions and shareholder base of the Company will accordingly be strengthened; and (iii) it provides investors with an alternative means to invest in the Company.

The Directors (including independent non-executive Directors) consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Placing of approximately HK\$15,405,000 are intended to be used as general working capital of the Group. Assuming full exercise of the subscription rights attaching to the Warrants at the initial Exercise Price of HK\$1.40, additional proceeds of HK\$221,200,000 will be raised as a result of the issue of the Warrant Shares. It is currently intended that such additional proceeds will be used as general working capital and as funds for future development of the Group.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the shareholding structure of Company upon the exercise in full of the subscription rights under the Warrants (assuming that none of the outstanding share options and other convertible securities of the Group is exercised or converted) are set out as below:

Shareholder	As at the date of this announcement		Assuming full exercise of the subscription rights attaching to the Warrants	
	<i>Number of Shares</i>	<i>Approx.%</i>	<i>Number of Shares</i>	<i>Approx.%</i>
Maritime Century Limited (<i>Note</i>)	336,166,156	29.98	336,166,156	26.28
Warrantholders	–	–	158,000,000	12.35
Other Shareholders	784,998,559	70.02	784,998,559	61.37
Total	<u>1,121,164,715</u>	<u>100.00</u>	<u>1,279,164,715</u>	<u>100.00</u>

Note: Maritime Century Limited is wholly owned by Ginwa Investments Holding Group Ltd., a company which is beneficially owned as to 92% by Mr. Wu Yijian, an executive Director.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the twelve months immediately before the date of this announcement.

GENERAL

A Prospectus containing further information about the Placing will be despatched to the Shareholders for information as soon as practicable.

The Placing Agreement contains provisions entitling the Placing Agent to terminate its obligations under the Placing Agreement upon the occurrence of certain events. Accordingly, the Placing may and may not proceed to completion. Shareholders and public investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following terms have the meanings set out below:

“Board”	the board of Directors;
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Exercise Period”	the period commencing on the date of listing of the Warrants on the Stock Exchange and ending on the business day immediately prior to the second anniversary thereof where the Warrants may be converted into the Shares upon the payment of the Exercise Price;
“Exercise Price”	the sum payable in respect of each Share to which each Warrantholder will be entitled to exercise of the right represented thereby, being HK\$1.40 (subject to adjustment) in accordance with the terms of the Warrants;

“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 5 June 2014 to the Directors to issue Shares not exceeding 20% of the Shares in issue at the time of the grant of the mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	28 February 2015;
“Placing”	the placing of 158,000,000 Warrants by the Placing Agent on a best effort basis;
“Placing Agent”	RaffAello Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance;
“Placing Agreement”	the placing agreement dated 19 December 2014 entered into between the Company and the Placing Agent;
“Placing Price”	HK\$0.10, being the issue price per Warrant payable in full on application under the Placing;
“Prospectus”	the prospectus to be issued by the Company relating to the issue and listing of the Warrants;
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Warrants”	warrants of the Company to be listed on the Stock Exchange in registered form conferring rights to the holders to subscribe for Shares at the Exercise Price;

“Warrantholders”	registered holders of the Warrants;
“Warrant Shares”	new Shares to be issued by the Company upon the exercise of the subscription rights attaching to the Warrants; and
“%”	per cent.

On behalf of the Board
Century Ginwa Retail Holdings Limited
Choon Hoi Kit, Edwin
Chief Executive Officer

19 December 2014

As at the date of this announcement, the Board comprises four executive directors, being Mr. Wu Yijian, Mr. Qiu Zhongwei, Mr. Choon Hoi Kit, Edwin and Mr. Sha Yingjie; two non-executive directors, being Mr. Qu Jiaqi and Mr. Chen Shuai; and three independent non-executive directors, being Mr. Chan Wai Kwong, Peter, Mr. Tsang Kwok Wai and Ms. Li Ling.