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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, together 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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MAJOR TRANSACTION
PROPOSED ISSUE OF EXCHANGEABLE BONDS IN THE
PRC BY A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY
AND
NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 4 to 19 of this circular.

A notice convening the special general meeting of the Company (the “SGM”) to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 11 July 2018 at 11:00 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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

25 June 2018

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DEFINITIONS

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

“A-Shares”	the A-shares of the A-Shares Company
“A-Shares Company”	金花企業(集團)股份有限公司 (Ginwa Enterprise (Group) Inc.*), a company of which A-shares are listed on the Shanghai Stock Exchange (Stock Code: 600080)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Bondholders”	holders of the Exchangeable Bonds
“Collateral”	has the meaning as ascribed to it under the paragraph headed “Proposed issue of Exchangeable Bonds in the PRC by a non-wholly owned subsidiary of the Company – Collateral” in this section headed “Letter from the Board” in this circular
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda, the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of up to 30,000,000 A-Shares on the assumption that the Bondholders would exchange in full for all the A-Shares used as Collateral
“Exchangeable Bonds”	three-year private placement exchangeable bonds in a principal amount of up to RMB200,000,000 to be issued by the Issuer
“Exercise Period”	the period commencing on the first day upon expiry of a six-month period after the listing of the Exchangeable Bonds on the Shanghai Stock Exchange and ending on the date on which the Exchangeable Bonds are being delisted from the Shanghai Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	21 June 2018, being the latest practicable date prior to the publication of this circular for ascertaining certain information for inclusion in this circular
“Issuer”	世紀金花股份有限公司 (Century Ginwa Company Limited*), a joint stock company established in the PRC, a non-wholly owned subsidiary of the Company owned as to 83.88% by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Qualified Investor(s)”	<p>means investors specified in the Management Rules for the Issue and Trading of Corporate Bonds (公司債券發行與交易管理辦法) issued by the China Securities Regulatory Commission and include:</p> <ul style="list-style-type: none">(i) financial institutions approved by relevant financial regulatory authorities;(ii) qualified foreign institutional investor and RMB qualified foreign institutional investor;(iii) social security funds, pension funds for enterprise annuities, charitable funds and other social welfare funds;(iv) private equity fund manager and registered private equity fund registered by the China Securities Investment Fund Industry Association;(v) any enterprise, public institution and partnerships with net assets of no less than RMB10 million;(vi) individual investors with financial assets of no less than RMB3 million; and(vii) any other qualified investors as approved by the China Securities Regulatory Commission.

DEFINITIONS

“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 Plaza 3, Lower Lobby, Nevotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 11 July 2018 at 11:00 a.m. to consider and approve the issue of the Exchangeable Bonds and the transactions contemplated thereunder
“Shareholder(s)”	ordinary shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



Executive Directors:

Mr. Wu Yijian (*Chairman*)
Mr. Chan Wai Kwong, Peter (*Vice Chairman*)
Mr. Kam Hou Yin, John (*Chief Executive Officer*)
Mr. Sha Yingjie

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Chen Shuai (*Vice Chairman*)
Mr. Cao Yonggang
Mr. Qu Jiaqi

Principal Place of Business

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

Independent non-executive Directors:

Mr. Tsang Kwok Wai
Mr. Ruan Xiaofeng
Ms. Sun Zhili
Dr. Cao Guoqi

25 June 2018

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION
PROPOSED ISSUE OF EXCHANGEABLE BONDS IN THE
PRC BY A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY
AND
NOTICE OF SPECIAL GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcement of the Company dated 20 April 2018 in relation to the proposed issue of the Exchangeable Bonds and the Disposal on the assumption that the Bondholders would exchange the Exchangeable Bonds in full for up to 30,000,000 A-Shares used as Collateral during the Exercise Period.

The purpose of this circular is to provide you with further information in relation to (i) the issue of the Exchangeable Bonds and the Disposal contemplated thereunder; (ii) the expected timetable of the proposed issue of the Exchangeable Bonds; and (iii) a notice of the SGM.

PROPOSED ISSUE OF EXCHANGEABLE BONDS IN THE PRC BY A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY

On 20 April 2018, the Board resolved the proposed issue of the Exchangeable Bonds by the Issuer, a non-wholly owned subsidiary of the Company incorporated in the PRC. The registration of the proposed issue of the Exchangeable Bonds with the Shanghai Stock Exchange is expected to be completed no later than 18 March 2019. The issue size of the Exchangeable Bonds is estimated to be in a principal amount of up to approximately RMB200,000,000, with a term of up to three years, and the Exchangeable Bonds are exchangeable at the option of the Bondholders during the Exercise Period for the A-Shares currently held by the Issuer.

The proposed issue of the Exchangeable Bonds is arranged by Minsheng Securities Co., Ltd. (民生證券股份有限公司) as the lead underwriter (the “**Underwriter**”) and trustee, a qualified financial institution approved by the China Securities Regulatory Commission, which will procure at least one (1) Qualified Investor and no more than 200 Qualified Investors to subscribe for the Exchangeable Bonds. The proposed issue of the Exchangeable Bonds will not be fully underwritten by the Underwriter. The Qualified Investor(s) may decide whether to accept the offer to subscribe for the Exchangeable Bonds. Upon acceptance, the relevant Qualified Investor will pay the relevant subscription money and enter into a subscription agreement with the Issuer. In the event that the Issuer decides not to proceed with the issue of the Exchangeable Bonds, any subscription money paid to the Issuer will be refunded to the relevant Qualified Investor within five (5) business days thereafter. For the purpose of the procurement of subscription by the Underwriter, the Underwriter will receive a fixed fee of RMB1,850,000. The Underwriter and the Issuer will ensure that the Exchangeable Bonds will only be subscribed by such Qualified Investors who are third parties independent of the Company and its connected persons (as defined under Chapter 14A of the Listing Rules). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner are third parties independent of the Company and its connected persons. It is not expected that any connected persons will subscribe for the Exchangeable Bonds.

LETTER FROM THE BOARD

The principal terms of the Exchangeable Bonds to be issued are as follows:

Issuer:	世紀金花股份有限公司 (Century Ginwa Company Limited*)
Aggregate maximum principal amount of the Exchangeable Bonds:	up to RMB200,000,000 with a denomination of RMB100 per Exchangeable Bond, which will be issued in two tranches with the first tranche in a principal amount of RMB150,000,000 and the second tranche in a principal amount of RMB50,000,000
Issue price:	100% of the principal amount
Date of issue of the Exchangeable Bonds:	No later than 18 March 2019, based on the no-objection letter from the Shanghai Stock Exchange and subject to the approval by the Shareholders at the SGM and approval from the Shanghai Stock Exchange. Based on the preliminary plan of the Issuer, it is expected that the registration and approval procedures will be completed on or before 31 December 2018.
Place of issue:	the Shanghai Stock Exchange, the PRC
Term of the Exchangeable Bonds/ maturity date:	up to three years from the date of issue of the Exchangeable Bonds
Interest rate:	<p>The annual coupon rate of the Exchangeable Bonds during the term of the Exchangeable Bonds will be a fixed rate to be determined and finalized between the Company and the Underwriter on the date of issue of the Exchangeable Bonds.</p> <p>Further announcement(s) will be made by the Company once the annual coupon rate of the Exchangeable Bonds is fixed.</p>

LETTER FROM THE BOARD

For the last six-month period during the term of the Exchangeable Bonds, in the event that the closing price of the A-Shares for any 10 trading days out of any 20 consecutive trading days is less than 50% of the exercise price, the Underwriter as the trustee will ensure that the Issuer will publish an announcement in accordance with the paragraph headed “Put option rights of the Bondholders” in this “Letter from the Board” below, pursuant to which the Bondholders may request the Issuer to redeem at 108% (including any interests accrued) of the face value of the Exchangeable Bonds. On the other hand, during the Exercise Period, in the event that for at least 10 trading days during any consecutive 20 trading days, if the closing price of the A-Shares is equal to or more than 130% of the then exercise price, the Issuer may redeem the Exchangeable Bonds at 108% (including any interests accrued) within 10 trading days from the date of occurrence of such triggering event as set forth under the paragraph headed “Early redemption rights” in this “Letter from the Board” below. The difference between the 8% fixed return and the original coupon rate will be the compensation payable to the Bondholders in the event that the Bondholders are unable to exercise their exchange rights under such circumstance.

Interest will be payable on an annual basis.

Collateral:

As guarantee for the issue of the Exchangeable Bonds, the Issuer will provide certain number of A-Shares as collateral (the “**Collateral**”), pursuant to which the Bondholders may exercise their rights to exchange for A-Shares during the Exercise Period based on the face value of the Exchangeable Bonds as subscribed by the Bondholders and the total amount of Collateral as provided by the Issuer.

The amount of Collateral will be determined based on the average closing price of the A-Shares for the 20 trading days immediately preceding the issue of the Exchangeable Bonds, and in any event no less than 130% of the maximum principal amount of the Exchangeable Bonds and up to an aggregate of 30,000,000 A-Shares, representing approximately 8.04% of the issued share capital of the A-Shares Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

In addition, during the Exercise Period upon the issue of the Exchangeable Bonds, the Issuer shall ensure that the amount of Collateral shall be maintained, based on the average closing price of the A-Shares for any given consecutive 20 trading days, at a level which represents no less than 110% of the then outstanding principal amount of the Exchangeable Bonds.

During the Exercise Period, in the event that the amount of Collateral exceeds 140% of the then outstanding principal amount of the Exchangeable Bonds for any given consecutive 10 trading days, the Issuer has the right to release and/or cash out a portion of the Collateral, provided that the remaining amount of the Collateral after the release and/or cash-out of the portion of the Collateral will be maintained at a level no less than 130% of the then outstanding principal amount of the Exchangeable Bonds. On the other hand, in the event that the amount of Collateral falls below 110% of the then outstanding principal amount of the Exchangeable Bonds for any given 10 trading days within any given consecutive 15 trading days, the Issuer shall top up the amount of Collateral either in cash and/or by an additional number of A-Shares.

Exercise price:

Based on the relevant requirements under 《中小企業私募債券業務試點辦法》 (SME Private Equity Debt Business Pilot Measures*) and 《深交所中小企業可交換私募債券業務試點辦法》 (Exchangeable Private Equity Debt Business for SME by the Shenzhen Stock Exchange*), the preliminary exercise price will be in the range of RMB11 to RMB14 per A-Share and will be fixed on the date of issue of the Exchangeable Bonds, and in any event no lower than 90% of the closing price of the A-Shares for the trading day immediately preceding the date of issue of the Exchangeable Bonds and 90% of the average closing price of the A-Shares for the 20 trading days immediately preceding the date of issue of the Exchangeable Bonds. The preliminary exercise price in the range of RMB11 to RMB14 per A-Share is determined based on (i) the original cost of the A-Shares to the Issuer in the amount of RMB10.52 per A-Share and (ii) the Issuer's estimation of the future prospects of the A-Shares with reference to the historical average market price of the A-Shares. Based on the aforesaid, the Directors are of the view that the pricing mechanism is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Bondholders will only have a right to exchange the Exchangeable Bonds for A-Shares during the Exercise Period.

Early redemption rights:

During the Exercise Period, in the event that for at least 10 trading days during any consecutive 20 trading days period thereof, the closing price of the A-Shares is equal to or more than 130% of the then exercise price of the Exchangeable Bonds, the board of directors of the Issuer may, within 10 trading days thereafter, elect to redeem all or part of the outstanding Exchangeable Bonds at 108% (including any interests accrued) of the face value of the Exchangeable Bonds. Further, during the Exercise Period, in the event that the outstanding amount of the Exchangeable Bonds is below RMB30,000,000, the board of directors of the Issuer may redeem all of the outstanding Exchangeable Bonds based on the face value of the Exchangeable Bonds together with any interest accrued thereon.

Exercise price adjustment:

During the Exercise Period, in the event that for at least 5 trading days during any consecutive 10 trading days period thereof, the closing price of the A-Shares is lower than 90% of the then exercise price of the Exchangeable Bonds, the board of directors of the Issuer may, within 5 trading days thereafter, exercise its discretion to lower the exercise price of the Exchangeable Bonds under the terms of the Exchangeable Bonds. In the event that the Issuer exercises its discretion to lower the exercise price of the Exchangeable Bonds during the Exercise Period, the adjusted exercise price of the Exchangeable Bonds shall be no less than 90% of the average closing price of the A-Shares for the 20 trading days immediately preceding the adjustment and 90% of the closing price of the A-Shares for the last trading day immediately preceding the adjustment. There is no minimum floor price for the adjusted exercise price during the Exercise Period, in the event that the closing price of the A-Shares has continuously dropped below a level acceptable to the Issuer, the Issuer may elect not to adjust the exercise price during the Exercise Period, and the Issuer may publish announcement in accordance to the paragraph headed “Put option rights of the Bondholders” in this “Letter from the Board” below.

LETTER FROM THE BOARD

**Put option rights of
the Bondholders:**

For the last six-month period during the term of the Exchangeable Bonds, in the event that for at least 10 trading days during any consecutive 20 trading days period thereof, the closing price of the A-Shares is lower than 50% of the then exercise price of the Exchangeable Bonds, the Issuer shall then publish an announcement on the first day of such relevant event. The Bondholders may, within 10 trading days thereafter of such announcement, request the Issuer to redeem all or part of the unexercised Exchangeable Bonds at 108% (including any interests accrued) of the face value of the Exchangeable Bonds.

Event of default:

The Issuer undertakes to pay the Bondholders interest and repay the principal amount upon maturity in accordance with the terms and conditions of the Exchangeable Bonds. In the event that the Issuer fails to make any payment obligations according to the stipulated schedule, the Bondholders will have the immediate right to ask for recourse from the Issuer directly.

Voting rights:

The Bondholders hold no voting rights to the A-Shares until they exercise the exchange rights to exchange for the A-Shares.

Credit rating:

No credit rating is required for the issue of the Exchangeable Bonds, which is a non-public issuance.

Use of proceeds:

The proceeds from the issue of the Exchangeable Bonds will be used for re-financing the existing debts of the Group and general working capital purposes.

**Transferability of the
Exchangeable Bonds:**

Freely transferable

Conditions:

The issue of the Exchangeable Bonds is subject to:

- (i) the obtaining of the relevant approval from the Shanghai Stock Exchange for the listing of the Exchangeable Bonds; and
- (ii) the obtaining of the relevant internal approval of the Issuer.

LETTER FROM THE BOARD

Listing: The Issuer will seek listing of the Exchangeable Bonds on the Shanghai Stock Exchange.

Based on the preliminary plan of the Issuer, it is expected that the registration and approval procedures will be completed on or before 31 December 2018.

In accordance with the relevant rules and regulations in the PRC, an offering memorandum prepared in accordance with the relevant PRC rules and regulations in relation to the Issuer and the Exchangeable Bonds will be distributed to the Qualified Investors. Shareholders and potential investors are reminded that such documents were prepared in accordance with the requirements in the PRC and are limited solely to the Issuer, and the information contained therein does not provide a full picture of the operation or status of the Group.

REASONS AND BENEFITS FOR THE ISSUE OF THE EXCHANGEABLE BONDS

It is intended that the proceeds from the issue of the Exchangeable Bonds will be used for re-financing of the existing debts of the Group in the following manner:

Purposes	Proportion	Proceeds (in RMB)	Expected time of utilization
Repayment of pledge financing	37.5%	RMB75,000,000	On or before 30 June 2019
Repayment of bank facility	62.5%	RMB125,000,000	On or before 31 December 2018
Total	100%	RMB200,000,000	

LETTER FROM THE BOARD

The Board is of the view that the issue of the Exchangeable Bonds is a significant step of the Group in gaining recognition in the PRC finance market. The issue of the Exchangeable Bonds will provide the Group with an additional source of funding to re-financing of its existing debts with the following benefits:

(i) Higher pledge rate

As compared to traditional financing where equity security is provided, a higher discount rate is accepted for public or non-public issuance of exchangeable bonds. As a result, the value of the A-Shares held by the Issuer is enhanced which in turn maximizes the interests of the Issuer.

(ii) Lower financing cost

The proposed issue of the Exchangeable Bonds and the right for Bondholders to exercise and exchange for the underlying A-Shares provide the Issuer with financing opportunities at relatively lower interest cost as compared with the market interest rate, of an average annual rate of 10%, typically charged for other fixed income products. In addition, the rights for Bondholders to exercise and exchange for the underlying A-Shares also reduce the repayment pressure as compared to other straight bond issuance and generally have no immediate effect to the Issuer's cash flow position upon maturity of the Exchangeable Bonds, and as a result, the Issuer's financial risk can be reduced.

(iii) Higher liquidity and a more flexible financing method

The underlying A-Shares will only be delivered to the Bondholders upon the exercise of their exchange rights thereunder and the Issuer can maintain its shareholdings in the A-Shares Company if no Bondholders exercise the exchange rights whilst satisfying its financing needs at the same time.

(iv) Minimize the risk of fluctuation of the stock price of the A-Shares Company and enhance investors' confidence as a whole

The exercise price of exchangeable bonds is typically higher than the current market price of the underlying stock, which is a much more effective way as compared to direct sales of the A-Shares in the primary and/or secondary markets. In addition, given that the Issuer holds more than 5% of the A-Shares in the A-Shares Company and is a substantial shareholder of the A-Shares Company, direct disposal of the A-Shares by the Issuer is subject to certain restrictions under the relevant PRC regulation, and such direct disposal will also cause fluctuations of the stock price of the A-Shares. The proposed issue of Exchangeable Bonds can effectively avoid fluctuations in stock prices, which may increase investors' confidence as a whole.

LETTER FROM THE BOARD

The Company had also considered other fund raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new shares of the Company. However, the Company considered that debt financing will result in additional interest burden. Furthermore, given that the gearing ratio, being bank loans less cash at bank and on hand and short-term investments divided by the total equity, as at 31 March 2018 was 0.36, debt financing will result in a higher gearing ratio of the Group. The Company has also considered and explored fund raising which will not increase the Group's finance costs. On 8 February 2018, the Company and RaffAello Securities (HK) Ltd. entered into an underwriting agreement in relation to the issue by way of rights on the basis of one rights share for every one ordinary share in issue (the "**Rights Issue**"). However, due to the low acceptance level of only 4.6373% and the substantive dilution to a large number of the Shareholders, the Company considered that it would not be in the best interest of the Shareholders to proceed with the Rights Issue. Accordingly, the Company and RaffAello Securities (HK) Ltd. mutually agreed to terminate the Rights Issue on 15 May 2018. Placing or subscription of new shares would also dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate, and deprive the Shareholders with the opportunity to continue to participate in the future development of the Group.

On the assumption that the Bondholders will not exchange for the underlying A-Shares prior to maturity, the term of the Exchangeable Bonds of up to three years reduces the amount of the Group's short-term financing and provides stability to the Group's overall financing structure. Further, given that the exchange price of the Exchangeable Bonds will be set at a price higher than the market price of the A-Shares at the time of issue of the Exchangeable Bonds, even in the event that the Bondholders elect to exchange for the A-Shares in the future, it is equivalent to an early advance made by the Bondholders by way of realizing the relevant A-Shares held by the Issuer. In light of the aforesaid, the Company takes the view that the issue of the Exchangeable Bonds will provide the Company with more financial flexibility and may optimize the Group's debt structure.

In addition, issue of exchangeable bonds has become commonly used by many domestic A-shares companies as a mean of financing, given that the financing cost is lower than straight pledge of the underlying stock and usually the scale coupled will be larger. Based on the above, the Directors (including the independent non-executive Directors) consider that the issue of the Exchangeable Bonds allows the Issuer to realize its assets at a more effective way with advanced financing being provided at a reasonable interest rate, and accordingly is of the view that the proposed issue of the Exchangeable Bonds is on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

THE GROUP'S FUNDING NEED FOR THE NEXT 24 MONTHS

Based on the latest business and operational plan of the Group as at the Latest Practicable Date, it is expected that the Group's funding need for the next 24 months will be as follows:

LETTER FROM THE BOARD

Funding need – Repayment of bank loans

Amount (in RMB)	Expected date of payment/funding required	Expected source of funding
<u>Repayment of pledge financing</u>		
22,000,000	June 2018	Internal resource
21,500,000	July 2018	Internal resource
3,500,000	August 2018	Internal resource
10,000,000	September 2018	Internal resource
30,000,000	December 2018	Fund raising from Exchangeable Bonds
21,500,000	January 2019	Fund raising from Exchangeable Bonds
3,500,000	February 2019	Fund raising from Exchangeable Bonds
13,000,000	March 2019	Fund raising from Exchangeable Bonds
7,000,000	June 2019	Fund raising from Exchangeable Bonds
26,000,000	June 2019	Internal resource
23,650,000	July 2019	Internal resource
3,850,000	August 2019	Internal resource
13,000,000	September 2019	Internal resource
113,000,000	December 2019	Internal resource
23,650,000	January 2020	Internal resource
3,850,000	February 2020	Internal resource
13,750,000	March 2020	Internal resource
113,750,000	June 2020	Internal resource
 <u>Repayment of bank facility</u>		
12,500,000	June 2018	Internal resource
148,300,000	August 2018	Renewal of bank loans
103,300,000	September 2018	Renewal of bank loans
12,500,000	September 2018	Internal resource
60,000,000	November 2018	Renewal of bank loans
125,000,000	December 2018	Fund raising from Exchangeable Bonds
12,500,000	December 2018	Internal resource
12,500,000	March 2019	Renewal of bank loans
<u>953,100,000</u>		

LETTER FROM THE BOARD

Funding need – consideration payable for acquisition of a property

	Amount (in RMB)	Expected date of payment/funding required	Expected source of funding
	370,000,000	June 2020	Internal resource/raising of new bank loans
Total	<u>1,323,100,000</u>		

The Group has begun discussing with certain banks to extend the maturity of its loans. It is expected that the Group will be able to renew its loans to the extent that it will be able to meet its repayment obligations on a timely basis. The revenue generated from the Group's business and existing internal resources will also be used for the future funding needs. Based on the aforesaid facts and circumstances, the Directors are of the view that the Group will have sufficient funds to meet its funding needs for the next 24 months.

FINANCIAL EFFECTS OF THE ISSUE OF THE EXCHANGEABLE BONDS AND THE POSSIBLE DISPOSAL OF A-SHARES

Upon the issue of the Exchangeable Bonds in full, the total cash assets of the Group will be increased by an amount equal to the principal amount of the Exchangeable Bonds (i.e. RMB200,000,000), and the total liabilities of the Group will be increased by an amount equal to the sum of a straight bond component and an embedded option component of the Exchangeable Bonds. In accordance with the Hong Kong Financial Reporting Standards, the straight bond component is calculated by discounting the future cash flows of the Exchangeable Bonds (interest and principal) at the rate of a similar debt instrument on the issue date. The embedded option component is the fair value of the option to exchange the Exchangeable Bonds for the A-Shares, if any. The value of the embedded option may be affected by the volatility of market price of the underlying A-Shares in subsequent measurement.

If the Exchangeable Bonds have not been exchanged by their maturity date or have not been early redeemed pursuant to the terms of the Exchangeable Bonds, the Group will incur annual interest expenses calculated at the pre-determined market interest rate of a similar debt instrument (on the issue date) on the outstanding principal amount of the Exchangeable Bonds. In the event that the Exchangeable Bonds are fully exchanged at the initial exercise price (subject to adjustments), the Issuer will cease to hold certain numbers of the A-Shares (the Collateral).

LETTER FROM THE BOARD

On the assumption that all the 30,000,000 A-Shares will be exchanged by the Bondholders upon the commencement of the Exercise Period at the minimum exercise price of RMB11 per A-Share, the cumulative gain of approximately RMB14.4 million that has been recognised in the fair value reserve will be reclassified to profit or loss. The cumulative gain is calculated with reference to the difference between the original acquisition cost of the A-Shares and the minimum exercise price for the Bondholders to exchange for the maximum number of the A-Shares pursuant to the Exchangeable Bonds.

Any gain or loss to be recorded in the consolidated statement of profit or loss and other comprehensive income of the Group arising from the possible disposal of the A-Shares upon the full exercise of the exchange rights under the Exchangeable Bonds by the Bondholders will depend on, amongst others (i.e. derecognition of the Exchangeable Bonds), the carrying amount of the A-Shares as at the date of exercise of the exchange rights, which is approximately the fair value of the A-Shares in the open market. As such, the exact financial effects of such full exchange of the Exchangeable Bonds are not ascertainable until the date of exercise of the exchange rights by the Bondholders.

The final gain/loss on disposal, and the exact financial effect upon exchange of the Exchangeable Bonds, will be subject to, among others, the amount of A-Shares which will be provided as Collateral, the exercise price of the Exchangeable Bonds as well as final audit.

INFORMATION ABOUT THE A-SHARES COMPANY

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

According to the published financial statements of the A-Shares Company, the financial results of the A-Shares Company for the two years ended 31 December 2017 and 2016 are as follows:

	For the year ended 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net profit before tax	63,493	43,304
Net profit after tax	53,812	27,808

The net assets value of the A-Shares Company as at 31 December 2017 was approximately RMB1,118,426,000.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Issuer holds 30,000,000 A-Shares, representing approximately 8.04% of the issued share capital of the A-Shares Company based on public information available to the Company as at the Latest Practicable Date. The 30,000,000 A-Shares were acquired by the Issuer at original acquisition costs of RMB315,600,000, representing an average of RMB10.52 per A-Share. As at 31 March 2018, the carrying value of the 30,000,000 A-Shares in the Group's accounts amounted to RMB296,400,000.

As at the Latest Practicable Date, Mr. Wu Yijian, an executive Director and the single largest beneficial Shareholder, is also a director and the single largest beneficial shareholder of the A-Shares Company. As at the Latest Practicable Date, Mr. Wu Yijian together with company controlled by him collectively hold approximately 30.88% interest in the A-Shares Company. Save as otherwise disclosed, there is no other relationship between the A-Shares Company and the Company and its connected persons.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Issuer holds 30,000,000 A-Shares, representing approximately 8.04% of the issued share capital of the A-Shares Company based on public information available to the Company as at the Latest Practicable Date. Upon completion of the issue of the Exchangeable Bonds and on the assumption that the Bondholders would exchange in full for all the 30,000,000 A-Shares which may be used as Collateral for the Exchangeable Bonds during the Exercise Period, the Issuer's interest in the A-Shares Company would be fully disposed according to public information available to the Company as at the Latest Practicable Date, respectively. Accordingly, the issue of the Exchangeable Bonds constitutes a deemed disposal of its interest in the A-Shares Company for the Company under the Listing Rules. As the exchange for the A-Shares is exercisable at the discretion of the Bondholders, up to the 30,000,000 A-Shares are deemed disposed upon the issue of the Exchangeable Bonds pursuant to Rule 14.74 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Disposal contemplated under the issue of Exchangeable Bonds as calculated under Rule 14.07 of the Listing Rules exceeds 25% and all applicable percentage ratios are less than 75%, the issue of the Exchangeable Bonds constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

GENERAL

The Company is a limited liability company incorporated in Bermuda. The Group is principally engaged in operation of department stores, a shopping mall and supermarkets in the PRC. The Issuer is a non-wholly owned subsidiary of the Company and principally engaged in the operation of department store in the PRC.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Wu Yijian, an executive Director, is also the chairman of the board of the A-Shares Company and considered to be interested in the issue of the Exchangeable Bonds. Save as otherwise, none of the other Directors has a material interest in the transactions contemplated under the issue of the Exchangeable Bonds and was required to abstain from voting from the Board resolutions for considering and approving the issue of the Exchangeable Bonds pursuant to the bye-laws of the Company and applicable laws and regulations.

SGM

A notice of the SGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Wednesday, 11 July 2018 at 11:00 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 issue of the Exchangeable Bonds and the Disposal contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Wu Yijian and his associates, who collectively hold 29.24% of the total number of ordinary shares of the Company in issue as at the Latest Practicable Date, are considered to be interested in the issue of the Exchangeable Bonds and the Disposal contemplated thereunder and Maritime Century Limited (a company beneficially owned as to 92% by Mr. Wu Yijian) will abstain from voting in relation to the resolution to approve the issue of the Exchangeable Bonds and the Disposal contemplated thereunder at the SGM. Save as otherwise, no other Shareholders are considered to be interested in the issue of the Exchangeable Bonds and are required to abstain from voting at the SGM.

The ordinary resolution to be proposed at the SGM to approve the issue of the Exchangeable Bonds and the Disposal contemplated thereunder will be determined by way of poll by the Shareholders in accordance with the Listing Rules.

A form of proxy for use in connection with the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed hereon to the branch share registrar of the Company, Tricor Abacus Limited at Level 22, 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.

LETTER FROM THE BOARD

VOTING BY POLL

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

RECOMMENDATION

The Directors consider that the issue of the Exchangeable Bonds and the Disposal contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend that all Shareholders should vote in favour of the ordinary resolution set out in the notice of SGM.

ADDITIONAL INFORMATION

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

By order of the Board
Century Ginwa Retail Holdings Limited
Kam Hou Yin, John
Chief Executive Officer

1. FINANCIAL SUMMARY

The published audited consolidated financial statements of the Group for the year ended 31 December 2014, the fifteen months ended 31 March 2016, the year ended 31 March 2017 and the six months ended 30 September 2017 were set out in the Company's annual reports for each of the year ended 31 December 2014, the fifteen months ended 31 March 2016 and the year ended 31 March 2017 and the interim report for the six months ended 30 September 2017, respectively, 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 22 April 2015 with its audited consolidated financial statements for the year ended 31 December 2014 on pages 59 to 188:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0422/LTN20150422043.pdf>

The following is a quick link to the annual report of the Company published on 27 July 2016 with its audited consolidated financial statements for the fifteen months ended 31 March 2016 on pages 65 to 184:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0727/LTN20160727381.pdf>

The following is a quick link to the annual report of the Company published on 27 July 2017 with its audited consolidated financial statements for the year ended 31 March 2017 on pages 92 to 220:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0727/LTN20170727810.pdf>

The following is a quick link to the interim report of the Company published on 21 December 2017 with its consolidated financial statements for the six months ended 30 September 2017 on pages 6 to 50:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1221/LTN20171221239.pdf>

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Although the recovery trend of the physical stores is favorable, the impacts brought by e-commerce and the Internet still bring great pressure to the Company. Nevertheless, with the policy direction of “increasing guarantees and expanding domestic demand” implemented by the domestic government authorities, the industries serving consumption and livelihood areas will gain government support, which is beneficial to the retail industry in the long term.

As for the current G98 project of the Company, various functions will continue to be computed repeatedly and developed to serve offline entities while completing online business development, to drive sales conversion with membership marketing and to launch multi-channel marketing activity management. At the same time, the Company will enhance its communication with the national internet information platform and make full use of its membership advantages for the development of micro-program. On the one hand, the members can obtain more service experience; on the other hand, functional additions can be made to the current G98 project of the Company.

In the aspect of existing business expansion, based on the successful practice and experience of the trendy department store and the supermarket business of the Company, the existing business will be integrated and optimized, while considering the coverage of second-tier cities in Shaanxi to achieve healthy growth of scale.

In the aspect of business diversification which increases profit sources, the Company will further develop brand agency business and introduce well-known domestic and foreign brands to enter the northwest market, provide consumers with more quality choices and provide operational management services to the franchise stores. By reducing channels to provide goods to consumers directly, the pattern of profit distribution will be changed.

Besides, the Company will adhere to its principle of prudent financial management and strive to control costs. It will strive to increase the relevance and effectiveness of incentives by optimizing and adjusting performance appraisal models and designing various assessment and incentive programs for different management models and positions given its operational needs. With the above measures and the efforts of the management team, especially for the expansion of new areas and new projects, the Company will continue to maintain its leading position in the marketplace among the industry and generate better returns for its shareholders.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 21 May 2018, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding bank and other loans of approximately RMB2,422.5 million, of which 1) approximately RMB1,707.8 million was secured by the equity interests in subsidiaries with net book value of RMB1,221.0 million, leasehold land and buildings with net book value of RMB1,909.3 million, furniture, fixtures and equipment with net book value of RMB54.9 million, future income right and bank deposits with amount of RMB286.0 million of the Group, and guaranteed by the Company, a director of the Company, ultimate holding company and subsidiaries of the Group, 2) approximately RMB480.0 million was secured by equity interests in a subsidiary with net book value of RMB72.3 million, investment property with net book value of RMB1,332.6 million, leasehold land and buildings with net book value of RMB57.5 million, future income right and equity securities with net book value of RMB326.4 million of the Group and no guarantee was provided, and 3) approximately RMB234.7 million was guaranteed by the Company and no security was provided.

Material contingent liabilities

At the close of business on 21 May 2018, 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) A guarantee provided by a subsidiary of the Company in respect of an interest bearing bank loan drawn by an independent third party in 2005. The loan will mature in July 2018. In September 2010, Ginwa Investments Holding Group Limited (“**Ginwa Investments**”) provided a counter-guarantee to indemnify the subsidiary of the Company on any losses incurred arising from the above guarantee. As of 21 May 2018, the outstanding loan balance is RMB68,200,000.
- (b) A guarantee provided by a subsidiary of the Company in respect of a payable for acquisition of a property by Ginwa Investments in August 2005. Ginwa Investments has defaulted repayment on the loan. As of 21 May 2018, the outstanding loan balance is RMB9,500,000.
- (c) A guarantee provided by a subsidiary of the Company in respect of an entrusted loan drawn by Shanghai Huade Investment Company Limited (“**Huade Investment**”) in February 2015, where the guarantee is in addition to the payments made by the Group for its intended acquisition of commercial properties. The loan will mature in July 2019. Land and buildings held by one of the Company’s subsidiaries with book value of RMB1,096,616,000 were pledged for the above entrusted loan in the amount of RMB600,000,000. In February 2015 and July 2016, the Group has obtained counter-guarantees from (i) the project company developing the above commercial properties; and (ii) the intermediate holding company of Huade Investment on the pledge of its 70% equity interests in the immediate holding company of Huade Investment.

The Directors 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 21 May 2018 under the guarantees issued is the outstanding amount of the bank loans and payable of RMB677,700,000 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 21 May 2018, 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 March 2017, being the date to which the latest audited consolidated financial statements of the Group were made up.

5. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the internally generated funds, available financial resource, existing and expected facilities available to the Group and the estimated net proceeds from the issue of the Exchangeable Bonds as well as the termination of the Rights Issue as announced on 15 May 2018, the working capital available to the Group is sufficient for the Group's requirements for the next twelve months from the date of this circular.

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 and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be 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 and chief executive was taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules were as follows:

Long positions in shares and underlying shares

(i) *Interests in the shares and underlying shares of equity derivatives (as defined in Part XV of the SFO)*

Name of Director	Nature of interests	Number of ordinary shares held	Approximate percentage of the total issued ordinary share capital of the Company
Mr. Wu Yijian	Interest in a controlled corporation	336,166,156	29.24%
Mr. Sha Yingjie	Personal interests	1,551,500	0.13%

(ii) Long position in the share options of the Company

Name of Director	Date of grant	Exercise period	Exercise price HK\$	Outstanding share options
Mr. Wu Yijian	30/05/2013	30/05/2013-29/05/2019	1.76	1,150,000
Mr. Qu Jiaqi	28/05/2013	28/05/2013-27/05/2019	1.73	4,000,000
Mr. Sha Yingjie	28/05/2013	28/05/2013-27/05/2019	1.73	2,500,000

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following Shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

(i) Long positions/short positions in shares

Name of Shareholders	Long positions/ short positions	Nature of interests	Number of issued ordinary shares held	Approximate percentage of issued ordinary share capital of the Company
Maritime Century Limited ("Maritime Century")	Long positions	Corporate interests	336,166,156 (Note 1)	29.24%
Ginwa Investments Holding Group Ltd.	Long positions	Interest in a controlled corporation	336,166,156 (Note 1)	29.24%
Glory Keen Holdings Limited ("Glory Keen")	Long positions	Corporate interests	658,893,428 (Note 2)	57.31%
Hony Capital Fund 2008, L.P.	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%
Hony Capital Fund 2008 GP, L.P.	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%
Hony Capital Fund 2008 GP Limited	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%
Hony Group Management Limited	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%
Hony Managing Partners Limited	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%
Exponential Fortune Group Limited	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%
Mr. Zhao John Huan	Long positions	Interest in a controlled corporation	658,893,428 (Note 2)	57.31%

(ii) *Long positions/short positions in the following underlying shares of equity derivatives (as defined in Part XV of the SFO)*

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

Notes:

- (1) Maritime Century held 336,166,156 shares. Ginwa Investments Holding Group Ltd. holds the entire issued share capital of Maritime Century. Mr. Wu Yijian beneficially owns 92% equity interests in Ginwa Investments Holding Group Ltd. As such, Mr. Wu Yijian was deemed to be interested in 336,166,156 shares by virtue of his shareholding in Maritime Century.

- (2) The long position of 658,893,428 shares represents (i) the 322,727,272 shares held by Glory Keen; and (ii) the security interest held by Glory Keen over the 336,166,156 shares held by Maritime Century under share charge. 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 interests 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 are 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 dated 19 November 2012.

3. DIRECTORS’ SERVICE CONTRACTS

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

4. COMPETING INTERESTS

As at the Latest Practicable Date, the following Director had interests in business which competed or were likely to compete, either directly or indirectly, with the Group’s business:

Name of Director	Name of company	Nature of business	Nature of interests
Mr. Wu Yijian	Ginwa Investments Holding Group Ltd.	Project investment, entity investment, real estate development, property sales, leasing and agency services, department store and supermarket operations	92% of the equity interest in Ginwa Investments Holding Group Ltd.

Although Mr. Wu Yijian has competing interests in Ginwa Investments Holding Group Ltd. by virtue of his common directorship, the Directors consider that such competition, if any, is neither significant nor material to the Group as a whole. Furthermore Mr. Wu Yijian will fulfill his fiduciary duties in order to ensure that he will act in the best interest of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

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

5. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, the date to which the latest published audited financial statement of the Group were made up.

7. LITIGATION

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

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by the members of the Group within the two years immediately preceding the issue of this circular and are or may be material:

- (i) the deed of termination dated 15 May 2018 between the Company and RaffAello Securities (HK) Ltd. as underwriter in relation to the Rights Issue;
- (ii) the underwriting agreement dated 8 February 2018 entered into between the Company and RaffAello Securities (HK) Ltd. as underwriter in relation to the Rights Issue, as amended by the agreements dated 9 March 2018 and 7 May 2018;
- (iii) the memorandum of understanding dated 23 October 2017 between Fitness World (Group) Limited and a wholly-owned subsidiary of the Company in relation to the proposed formation of a joint venture for the running of fitness centres in shopping malls located in Xi'an City, Shaanxi Province, the PRC; and
- (iv) the supplemental agreement dated 20 July 2017 between 世紀金花股份有限公司 (Century Ginwa Company Limited*), a non-wholly owned subsidiary of the Company, and 上海花德投資有限公司 (Shanghai Huade Investment Company Limited*) in relation to the extension of the payment schedule of the consideration for the acquisition 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.

9. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is Unit 301, 3/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong.
- (c) The principal share registrar of the Company in Bermuda is MUFG Fund Services (Bermuda) Limited, 26 Burnaby Street, Hamilton HM 11, Bermuda. The branch share registrar of the Company is Tricor Abacus Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Wu Yip Kai, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular and the proxy form shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company, at Unit 301, 3/F, OfficePlus@Wan Chai, 303 Hennessy Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day for a period of 14 days from the date of this circular:

- (a) the memorandum of association and the amended and restated bye-laws of the Company;
- (b) the annual reports of the Company for the year ended 31 December 2014, the fifteen months ended 31 March 2016 and the year ended 31 March 2017 and the interim report of the Company for the six months ended 30 September 2017; and
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix.

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 Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 11 July 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTION

“THAT

- (1) the issue of the three-year private placement exchangeable bonds in the principal amount of up to RMB200,000,000 (the “**Exchangeable Bonds**”) to be issued by 世紀金花股份有限公司 (Century Ginwa Company Limited*), a joint stock company established in the PRC, a non-wholly owned subsidiary of the Company owned as to 83.88% by the Company (the “**Issuer**”) be and is hereby approved;
- (2) the disposal (the “**Disposal**”) by the Issuer of up to 30,000,000 A-shares (the “**A-Shares**”) of 金花企業(集團)股份有限公司 (Ginwa Enterprise (Group) Inc.*), a company of which A-shares are listed on the Shanghai Stock Exchange (Stock Code: 600080) (“**A-Shares Company**”), on the assumption that holders of the Exchangeable Bonds would exchange in full of all the A-Shares used as guarantee for the issue of the Exchangeable Bonds be and is hereby approved; and
- (3) the directors of the Company (the “**Directors**”) be and are hereby authorized for and on behalf of the Company to exercise all the powers of the Company to effect the issue of the Exchangeable Bonds and the Disposal from time to time during the term of the Exchangeable Bonds, and the Directors be and are hereby authorized to do all such acts and things, including but not limited to the execution of all documents, which the Directors deem necessary, appropriate or desirable, to implement and give effect to the Disposal and the transactions contemplated thereunder or in connection with the issue of the Exchangeable Bonds and the Disposal.”

By order of the Board
Century Ginwa Retail Holdings Limited
Kam Hou Yin, John
Chief Executive Officer

Hong Kong, 25 June 2018

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

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

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice (or any adjournment thereof) is entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the amended and restated 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 person 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 share registrar, Tricor Abacus Limited, at Level 22, 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.

As at the date of this notice, the Board comprises four executive directors, being Mr. Wu Yijian, Mr. Chan Wai Kwong, Peter, Mr. Kam Hou Yin, John and Mr. Sha Yingjie; three non-executive directors, being Mr. Chen Shuai, Mr. Cao Yonggang and Mr. Qu Jiaqi; and four independent non-executive directors, being Mr. Tsang Kwok Wai, Mr. Ruan Xiaofeng, Ms. Sun Zhili and Dr. Cao Guoqi.