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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)

CONTINUING CONNECTED TRANSACTIONS INVOLVING TENANCY AGREEMENTS

On 13 February 2015, Century Ginwa Bell Tower, Xi'an Century Ginwa Shopping Mall, Xi'an Century Ginwa Nandajie, all being subsidiaries of the Company, entered into the Tenancy Agreements with Xi'an Yipin in respect of letting certain spaces to Xi'an Yipin for operating premium supermarkets from 16 February 2015 to 31 December 2017.

Xi'an Yipin is a wholly owned subsidiary of Ginwa Investments. Mr. Wu, an executive Director and the Chairman of the Company, beneficially owns as to 92% of Ginwa Investments. As at the date of this announcement, Ginwa Investments beneficially holds approximately 29.98% of the ordinary share capital of the Company in issue and is a substantial shareholder of the Company. As such, Xi'an Yipin is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratios on an annual basis does not exceed 5%, the transactions under the Tenancy Agreements are only subject to the reporting, annual review and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors but excluding Mr. Wu, who has abstained from voting for the resolutions to approve the Tenancy Agreements, consider that the terms of the Tenancy Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the shareholders as a whole.

INTRODUCTION

Reference is made to the continuing connected transactions previously disclosed in the

announcement of the Company dated 30 March 2012 relating to the Tenancy Agreement A, Tenancy Agreement B and Tenancy Agreement C dated 30 March 2012 entered into between the Lessors and the Lessee. Tenancy Agreement A and Tenancy Agreement B expired on 31 December 2014 and Tenancy Agreement C was terminated during 2013.

Following recent negotiations between the Lessors and the Lessee, the parties agreed that the Tenancy Agreements be entered into.

TENANCY AGREEMENTS

- Date of Tenancy Agreements : 13 February 2015
- Parties : (1) Century Ginwa Bell Tower, as the lessor ("Lessor A") of Tenancy Agreement A2015
(2) Xi'an Century Ginwa Shopping Mall, as the lessor ("Lessor B") of Tenancy Agreement B2015
(3) Xi'an Century Ginwa Nandajie, as the lessor ("Lessor C") of Tenancy Agreement C2015
: (4) Xi'an Yipin, as the lessee of the Tenancy Agreements
- Subject premises, area and rent of Tenancy Agreement A2015 : underground 1/F. & 2/F., Bell Tower Store, No. 1 Xidajie, Xi'an, with a total gross floor area of approximately 1,450 square meters, and an aggregate rental of RMB5,568,000 (approximately HK\$7,015,680) per annum
- Subject premises, area and rent of Tenancy Agreement B2015 : 1/F., Hi-Tech Store, Hi Tech District, Xi'an, with a total gross floor area of approximately 245 square meters, and an aggregate rental of RMB764,400 (approximately HK\$963,144) per annum
- Subject premises, area and rent of Tenancy Agreement C2015 : underground 1/F., No.8 Meiyi, No.39 Nandajie, Xi'an, with a total gross floor area of approximately 290.5 square meters, and an aggregate rental of RMB348,600 (approximately HK\$439,236) per annum
- Term of Tenancy Agreements : from 16 February 2015 and expiring on 31 December 2017 (both dates inclusive)
- Rental payment from 1 January 2015 to 15 February 2015 for Property A, Property B and Property C : (1) The Lessee will arrange the rental payment of RMB712,571 (approximately HK\$897,840) to Lessor A on or before 23 February 2015 for Property A
(2) The Lessee will arrange the rental payment of RMB97,825 (approximately HK\$123,260) to Lessor B on or before 23 February 2015 for Property B
(3) The Lessee will arrange the rental payment of RMB44,612 (approximately HK\$56,211) to Lessor C on or before 23 February 2015 for Property C
- Use of the premises under the Tenancy Agreements : Supermarket
- Payment term of the rent under the Tenancy Agreements : the rents are payable quarterly

Lessor A rented Property A at an annual rent of approximately RMB870,000 (approximately HK\$1,096,200) from the owner of Property A and operated Property A as a department store. The Lessee subsequently rented the property from Lessor A according to the terms of Tenancy Agreement A2015. The Group will receive a difference in rent of approximately RMB4,698,000 (approximately HK\$5,919,480) for the lease.

Lessor B rented Property B at an annual rental of approximately RMB147,000 (approximately HK\$185,220) from the owner of Property B and operated Property B as a department store. The Lessee subsequently rented the property from Lessor B according to the terms of Tenancy Agreement B2015. The Group will receive a difference in rent of approximately RMB617,400 (approximately HK\$777,924) for the lease.

Lessor C rented Property C at an annual rental of approximately RMB200,737 (approximately HK\$252,929) from the owner of Property C and operated Property C as a department store. The Lessee subsequently rented the property from Lessor C according to the terms of Tenancy Agreement C2015. The Group will receive a difference in rent of approximately RMB147,863 (approximately HK\$186,307) for the lease.

ANNUAL CAP

As the Tenancy Agreements are entered into with the same Lessee, the rent payable under each of the Tenancy Agreements would need to be aggregated in accordance with Rule 14A.81 of the Listing Rules. Pursuant to the terms of the Tenancy Agreements, the transactions under the Tenancy Agreements for each of the three years ending 31 December 2017 will not exceed the amounts set out below:-

<u>Financial year ending 31 December</u>	<u>Amounts</u>
Year 2015	HK\$9,000,000
Year 2016	HK\$9,000,000
Year 2017	HK\$9,000,000

REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group mainly operates mid to high end chain department stores in Northwestern China. Xi'an Yipin is an operator of boutique supermarkets. The Directors consider that renewals of the leases to Xi'an Yipin for its supermarket operations will serve to diversify the offerings of the department stores, attract more consumer traffic, provide the Group with reasonable returns on rental income and are more cost efficient than operating self-owned supermarkets.

The terms of the Tenancy Agreements were arrived at after arm's length negotiations between the parties to the Tenancy Agreements with reference to the prevailing market rent as determined by Roma Appraisal Limited, an independent professional valuer engaged by the Company. Having taking into account the matters disclosed above and the circumstances, the Directors (including the independent non-executive Directors but excluding Mr. Wu, who has abstained from voting for the resolutions to approve the Tenancy Agreements) consider that the Tenancy Agreements are entered into on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms thereof are fair and reasonable and in the interests of the Company and the shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Xi'an Yipin is a wholly owned subsidiary of Ginwa Investments. Mr. Wu, an executive Director and the Chairman of the Company, beneficially owns as to 92% of Ginwa Investments. As at the date of this announcement, Ginwa Investments beneficially holds approximately 29.98% of the ordinary share capital of the Company in issue and is a substantial shareholder of the Company. As such, Xi'an Yipin is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratios on an annual basis does not exceed 5%, the transactions under the Tenancy Agreements are only subject to the reporting, annual review and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules

As Xi'an Yipin is a wholly owned subsidiary of Ginwa Investments, in which Mr. Wu beneficially owns 92% interest, Mr. Wu is considered to have a material interest in the Tenancy Agreements. Accordingly, Mr. Wu has abstained from voting on the relevant board resolutions to approve the entering into of the Tenancy Agreements and the transactions thereunder. Other than Mr. Wu, none of the Directors has a material interest in the Tenancy Agreements and is required to abstain from voting on the resolutions to approve the Tenancy Agreements.

DEFINITIONS

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

“Board”	the board of Directors;
“Century Ginwa Bell Tower”	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;
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 162);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Tenancy Agreements;
“Director(s)”	the director(s) of the Company;
“Ginwa Investments”	金花投資控股集團有限公司 (Ginwa Investments Holding Group Limited*), a company established in the PRC and is a substantial shareholder holding approximately 29.98% interest in the Company;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Lessors”	Collectively, Century Ginwa Bell Tower, Xi’an Century Ginwa Shopping Mall and Xi’an Century Ginwa Nandajie;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wu”	吳一堅先生 (Mr. Wu Yijian), an executive Director and the Chairman of the Board, and the beneficial owner of 92% equity interest in Ginwa Investments;
“PRC”	the People’s Republic of China;
“Property A”	the premises situated on the underground 1/F. & 2/F., Bell Tower Store, No. 1 Xidajie, Xi’an;
“Property B”	the premises situated on 1/F., Hi-Tech Store, Hi Tech District, Xi’an;
“Property C”	the premises situated on the underground 1/F., No.8 Meiyi, No.39 Nandajie, Xi’an;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement A”	the tenancy agreement dated 30 March 2012 and entered into between the Lessor A as head tenant and Xi’an Yipin as tenant in relation to the lease of Property A;
“Tenancy Agreement B”	the tenancy agreement dated 30 March 2012 and entered into between the Lessor B as head tenant and Xi’an Yipin as tenant in relation to the lease of Property B;
“Tenancy Agreement C”	the tenancy agreement dated 30 March 2012 and entered into between the Lessor C as head tenant and Xi’an Yipin as tenant in relation to the lease of Property C;
“Tenancy Agreement A2015”	the tenancy agreement dated 13 February 2015 and entered into between the Lessor A as head tenant and Xi’an Yipin as tenant in relation to the lease of Property A;
“Tenancy Agreement B2015”	the tenancy agreement dated 13 February 2015 and entered into between the Lessor B as head tenant and Xi’an Yipin as tenant in relation to the lease of Property B;
“Tenancy Agreement C2015”	the tenancy agreement dated 13 February 2015 and entered into between the Lessor C as head tenant and Xi’an Yipin as tenant in relation to the lease of Property C;

“Tenancy Agreements”	collectively, Tenancy Agreement A2015, Tenancy Agreement B2015 and Tenancy Agreement C2015;
“Xi’an Century Ginwa Nandajie”	西安世紀金花南大街購物中心有限公司 (Xi’an Century Ginwa Nandajie Shopping Mall Company Limited*), an enterprise established in the PRC and is a wholly owned subsidiary of the Company;
“Xi’an Century Ginwa Shopping Mall”	西安世紀金花購物有限公司 (Xi’an Century Ginwa Shopping Mall Company Limited*), an enterprise established in the PRC and is a wholly owned subsidiary of the Company;
“Xi’an Yipin” or “Lessee”	西安世紀金花宜品生活用品有限公司 (Xi’an Century Ginwa Epin Life Supermarket Company Limited*), an enterprise established in the PRC and is a wholly owned subsidiary of Ginwa Investments;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.26.

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

Hong Kong, 13 February 2015

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.

** For identification purpose*