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If you have sold or transferred all your shares in Century Ginwa Retail Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CENTURY GINWA RETAIL HOLDINGS LIMITED 世紀金花商業控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 162)

(1) CONNECTED TRANSACTIONS AMENDMENT TO THE COUPON RATE OF THE HONY CONVERTIBLE BONDS AND WAIVER OF INTEREST; AND (2) NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company



INCU Corporate Finance Limited

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders



CENTURION CORPORATE FINANCE LIMITED

A letter from the board of directors of the Company is set out on pages 4 to 9 of this circular. A letter from the independent board committee (the “Independent Board Committee”) of the board of directors of the Company is set out on pages 10 to 11 of this circular. A letter from Centurion Corporate Finance Limited, the independent financial adviser of the Company, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 23 of this circular.

A notice convening a special general meeting of the Company to be held on 15 December 2011, Thursday at 11:00 a.m. at Suites 1701-1703, 17/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong is set out on pages 33 to 34 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the special general meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the special general meeting should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“Amendment to Bonds”	the amendment of the coupon rate of the Hony Convertible Bonds from 3% per annum to zero coupon, subject to the approval of the Independent Shareholders
“Board”	board of Directors
“CB Options”	the CB Options which entitled the holders to subscribe for the Option Bonds, the CB Options were exercised in full and the Option Bonds have been issued
“Centurion”	Centurion Corporate Finance Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Company”	Century Ginwa Retail Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Conversion Share(s)”	Share(s) to be issued pursuant to the exercise of the Hony Convertible Bonds
“Directors”	the directors of the Company
“Glory Keen”	Glory Keen Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Hony Capital Fund 2008, L.P., an investment fund and the holder of the Hony Convertible Bonds
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hony Convertible Bonds”	collectively, the Tranche I Convertible Bonds, the Tranche II Convertible Bonds and the Option Bonds
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors
“Independent Shareholders”	Shareholders other than Glory Keen and its associates
“Latest Practicable Date”	22 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option Bonds”	the 3% coupon convertible bonds in the outstanding principal amount of HK\$443.5 million and were issued on 19 April 2011
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes the Hong Kong special administrative region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Circular”	the Company’s circular dated 30 October 2010 in relation to, among other matters, the issue of the Tranche I Convertible Bonds, the Tranche II Convertible Bonds and the CB Options
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held on 15 December 2011, Thursday at 11:00 a.m. at Suites 1701-1703, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong for the Independent Shareholders to consider, and if thought fit, approve the Supplemental Instrument and the transactions contemplated thereunder
“Share(s)”	ordinary Share(s) in the paid up capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Supplemental Instrument”	the supplemental instrument dated 31 October 2011 entered into between the Company and Glory Keen, whereby the Company and Glory Keen agreed to waive interest under the Hony Convertible Bonds and to amend the terms of the Hony Convertible Bonds
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Tranche I Convertible Bonds”	the 3% coupon convertible bonds in the outstanding principal amount of HK\$295 million and were issued on 3 December 2010
“Tranche II Convertible Bonds”	the 3% coupon convertible bonds in the outstanding principal amount of HK\$287 million and were issued on 3 December 2010
“Waiver of Interest”	the waiver of the interest in respect of the Hony Convertible Bonds during the period from the date of the Supplemental Instrument up to the date of the SGM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 162)

Executive Directors:

Mr. Qiu Zhongwei (*Vice Chairman*)
Mr. Choon Hoi Kit, Edwin (*Chief Executive Officer*)
Mr. Qu Jiaqi
Mr. Sha Yingjie

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Non-executive Directors:

Mr. Wu Yijian (*Chairman*)
Mr. Chen Shuai

*Principal place of business
in Hong Kong:*

Suites 1701-1703,
17/F., Dah Sing Financial Centre,
108 Gloucester Road,
Wanchai, Hong Kong

Independent Non-executive Directors:

Mr. Chan Wai Kwong, Peter
Mr. Tsang Kwok Wai
Ms. Li Ling

24 November 2011

To the Shareholders

Dear Sirs or Madam,

**(1) CONNECTED TRANSACTIONS
AMENDMENT TO THE COUPON RATE OF
THE HONY CONVERTIBLE BONDS
AND WAIVER OF INTEREST; AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 1 September 2010 and the Previous Circular. As described in the Previous Circular, the Company proposed to issue the Tranche I Convertible Bonds and the Tranche II Convertible Bonds to Glory Keen in the aggregate principal amount of HK\$887,000,000 and the CB Options which entitled Glory Keen to subscribe for the Option Bonds in the principal amount of up to HK\$443,500,000. The issue of the Tranche I Convertible Bonds, the Tranche II Convertible Bonds and the CB Options was approved by the Shareholders on 15 November 2010 and were issued on 3 December 2010.

LETTER FROM THE BOARD

As disclosed in the announcement of the Company dated 8 April 2011, Glory Keen exercised the CB Options to subscribe for the Option Bonds in full. The Option Bonds were issued on 19 April 2011. In addition, part of the Tranche I and Tranche II Convertible Bonds in the principal amount of HK\$205,000,000 and HK\$100,000,000 have been converted into 745,454,545 Shares and 363,636,363 Shares respectively. As at the date of the Supplemental Instrument, there were outstanding Hony Convertible Bonds in the principal amount of HK\$1,025,500,000, which can be converted into 3,729,090,907 Conversion Shares. The Tranche I Convertible Bonds, the Tranche II Convertible Bonds and the Option Bonds bear an interest of 3% coupon per annum and will mature on the fifth anniversary of the issue date. For further details of the Hony Convertible Bonds, please refer to the Previous Circular.

On 31 October 2011, the Company and Glory Keen entered into the Supplemental Instrument to amend the coupon rate of the Hony Convertible Bonds from 3% per annum to zero coupon rate and to waive the interest in respect of the Hony Convertible Bonds during the period from the date of the Supplemental Instrument up to the date of the SGM.

The purpose of this circular is to provide you with (i) details of the Supplemental Instrument relating to the of the Amendment to Bonds and the Waiver of Interest and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Centurion to the Independent Board Committee and the Independent Shareholders; and (iv) a notice to convene the SGM.

2. THE SUPPLEMENTAL INSTRUMENT

Date: 31 October 2011

Parties: (1) the Company; and

(2) Glory Keen, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Glory Keen is a wholly-owned subsidiary of Hony Capital Fund 2008, L.P., which is an investment fund. Glory Keen is a substantial Shareholder and a connected person of the Company under the Listing Rules.

Principal terms of the Supplemental Instrument

Pursuant to the Supplemental Instrument, subject to the satisfaction of the conditions precedent, the Company and Glory Keen agreed:

1. to amend the coupon rate of the Hony Convertible Bonds from 3% per annum to zero coupon; and

LETTER FROM THE BOARD

2. to waive the interest in respect of the Hony Convertible Bonds during the period from the date of the Supplemental Instrument up to the date of the SGM.

Both parties further agreed that (i) the interest payable on the outstanding principal amount of the Tranche I Convertible Bonds and the Tranche II Convertible Bonds for the period from 3 June 2011 up to the date of the Supplemental Instrument, in the amount of approximately HK\$4.07 million and HK\$4.58 million respectively shall be paid after the SGM; and (ii) the interest payable on the outstanding principal amount of the Option Bonds for the period from 19 April 2011 up to the date of the Supplemental Instrument of approximately HK\$7.24 million shall be paid after the SGM.

Conditions precedent

The Supplemental Instrument and the transactions contemplated thereunder are subject to:

- (i) the passing of resolution(s) by the Independent Shareholders;
- (ii) the obtaining of the approval from the listing committee of the Stock Exchange; and
- (iii) the obtaining of all necessary consents and approvals required to be obtained on the part of the Company and Glory Keen in respect of the Waiver of Interest and the Amendment to Bonds.

Apart from the Amendment to Bonds, all other terms of the Hony Convertible Bonds remain unchanged. As at the Latest Practicable Date, save for (iii), none of the above conditions precedent are fulfilled.

3. REASONS FOR THE ENTERING INTO OF THE SUPPLEMENTAL INSTRUMENT

Glory Keen is a strategic investor of the Company since December 2010. As at the Latest Practicable Date, Glory Keen is interested in 1,109,090,908 Shares, representing 28.67% of the issued share capital of the Company. As a long term strategic investor, Glory Keen is optimistic on the future business prospect of the department store business the Group currently operates and has provided previous financial support in several acquisitions of the Company. In future, the Company will continue to look for potential acquisition opportunities to further strengthen the business base of the Group when opportunity arises.

With the same goal of maximizing the return of the Company and reserving more financial resources for future potential acquisition, Glory Keen and the Company entered into the Supplemental Instrument for the Amendment to Bonds and the Waiver of Interest after arm's length negotiations.

LETTER FROM THE BOARD

Having considered that the Waiver of Interest and the Amendment to Bonds under the Supplemental Instrument will (i) release the interest burden of the Group for the remaining term of the Hony Convertible Bonds; (ii) improve the profitability and liquidity of the Group; and (iii) save interest expenses and reserve more working capital for the Group for its operation, which will be in the interests of the Company and the Shareholders as a whole, the Board (excluding Mr. Qiu Zhongwei and Mr. Chen Shuai (who are both the Board representatives from Glory Keen) have abstained from voting on the board resolutions in relation to the Amendment to Bonds and the Waiver of Interest) considers that the terms and conditions of the Supplemental Instrument are fair and reasonable and the Amendment to Bonds and the Waiver of Interest are in the interests of the Company and the Shareholders as a whole.

4. LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the proposed transactions contemplated under the Supplemental Instrument pursuant to Rule 28.05 of the Listing Rules. As at the Latest Practicable Date, approval had not been received from the Stock Exchange.

As Glory Keen is a substantial Shareholder and a connected person of the Company under the Listing Rules, the Amendment to Bonds and the Waiver of Interest contemplated under the Supplemental Instrument constitute connected transactions of the Company and are subject to reporting and announcement requirement, as well as approval by the Independent Shareholders at the SGM.

5. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all independent non-executive Directors has been formed to (i) advise the Independent Shareholders as to the fairness and reasonableness of the Supplemental Instrument and the transactions contemplated thereunder and whether such transactions are in the interests of the Company and its Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the resolutions approving the Supplemental Instrument and the transactions contemplated thereunder taking into account the recommendations of Centurion.

Centurion has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Instrument and the transactions contemplated thereunder.

The Independent Board Committee and the Directors, having taken into account the advice from Centurion, consider that the terms under the Supplemental Instrument and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM for approving the Supplemental Instrument and the transactions contemplated thereunder.

LETTER FROM THE BOARD

6. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 10 to 11 of this circular which contains its views in relation to the terms of the Supplemental Instrument and transactions contemplated thereunder; and (ii) the letter from Centurion, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Instrument, the text of which is set out on pages 12 to 23 of this circular.

Based on the reasons set out in the section headed “Reasons for the entering into of the Supplemental Instrument”, the Board is of the view that the terms of the Supplemental Instrument is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions approving the Supplemental Instruments and the transactions contemplated thereunder as set out in the notice of the SGM.

7. SPECIAL GENERAL MEETING

A notice of the SGM, which will be held at Suites 1701-1703, 17/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on 15 December 2011, Thursday at 11:00 a.m. is set out on pages 33 to 34 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete this form of proxy and return it to the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon no later than 48 hours before the time of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

To the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, Glory Keen and its associates (whose shareholding interests represent 28.67% of the issued share capital of the Company as at the Latest Practicable Date) will abstain from voting in respect of the resolutions approving the Supplemental Instrument and the transactions contemplated thereunder.

The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

Any vote exercised by the Shareholders at the SGM shall be taken by way of poll.

LETTER FROM THE BOARD

8. GENERAL

The Group is principally engaged in operation of department stores in the PRC.

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

24 November 2011

To the Independent Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTIONS
AMENDMENT TO THE COUPON RATE OF
THE HONY CONVERTIBLE BONDS
AND WAIVER OF INTEREST**

We refer to the circular of the Company dated 24 November 2011 (the “Circular”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you as to the fairness and reasonableness of the terms of the Supplemental Instrument and the transactions contemplated thereunder and whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Centurion Corporate Finance Limited has been appointed to (i) make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Instrument and the transactions contemplated thereunder are fair and reasonable, and whether such transactions are in the interests of the Company and its Shareholders as a whole; and (ii) advise the Independent Shareholders how to vote in respect of such transactions. Details of its recommendations and advice, together with the principal factors taken into consideration in arriving at such recommendations and advice, are set out on pages 12 to 23 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the letter from the Board set out on pages 4 to 9 of the Circular and the appendix set out of the Circular.

Having considered the terms of the Supplemental Instrument and the transactions contemplated thereunder, and the recommendations and advice of Centurion Corporate Finance Limited, we are of the opinion that the terms of such transactions are fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Supplemental Instrument and the transactions contemplated thereunder.

Yours faithfully,
on behalf of the Independent Board Committee
Century Ginwa Retail Holdings Limited

Chan Wai Kwong, Peter

Independent

Non-executive

Director

Tsang Kwok Wai

Independent

Non-executive

Director

Li Ling

Independent

Non-executive

Director

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Centurion dated 24 November 2011 for incorporation in this circular:—



CENTURION CORPORATE FINANCE LIMITED
盛百利財務顧問有限公司

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14-24 Wellington Street
Central, Hong Kong

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威靈頓公爵大廈7號

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(852) 2525 6026
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24 November 2011

*To the Independent Board Committee and the Independent Shareholders of
Century Ginwa Retail Holdings Limited*

Dear Sirs,

**CONNECTED TRANSACTIONS
AMENDMENT TO THE COUPON RATE OF
THE HONY CONVERTIBLE BONDS
AND WAIVER OF INTEREST**

We have been engaged to advise the Independent Board Committee and the Independent Shareholders with respect to the terms and conditions of the Supplemental Instrument and the transactions contemplated thereunder, details of which are outlined in the “Letter From The Board” set out from pages 4 and 9 of the circular dated 24 November 2011 to the Shareholders (“Circular”) of which this letter forms a part. We have been appointed to give an opinion as to whether the terms and conditions of the Supplemental Instrument and the transactions contemplated thereunder are of normal commercial terms, are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced on 31 October 2011 the entering into of the Supplemental Instrument between the Company and Glory Keen to amend the coupon rate of the Hony Convertible Bonds from 3% per annum to zero coupon rate and to waive the interest in respect of the Hony Convertible Bonds during the period from the date of the Supplemental Instrument up to the date of the SGM.

The Supplemental Instrument and the transactions contemplated thereunder are subject to the approval of, among others, the Independent Shareholders at the SGM. As set out in the “Letter From The Board”, Glory Keen, being a substantial shareholder of the Company and is thus a connected person of the Company under the Listing Rules, Glory Keen and its associates shall abstain from voting at the ordinary resolutions approving the Supplemental Instrument and the transactions contemplated thereunder at the SGM.

LETTER FROM CENTURION

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) the fairness and reasonableness of the Supplemental Instrument, including the Amendment to Bonds and the Waiver of Interest; and (ii) how to vote in respect of such transactions taking into account our recommendation as set out in this letter of independent advice. Voting on the ordinary resolutions will be taken by way of poll.

Independent Shareholders should also note that pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the proposed amendments contemplated under the Supplemental Instrument pursuant to Rule 28.05 of the Listing Rules. As at the Latest Practicable Date, such approval had not yet been received. For further details, please refer to the sections headed “Listing Rules Implications” and “Special General Meeting” as respectively set out in the “Letter from the Board” for further details.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have (i) reviewed the Supplemental Instrument, the relevant instruments relating to the Hony Convertible Bonds and the Previous Circular; and (ii) relied on the accuracy of the information, opinions and representation contained in the Circular, the Previous Circular and other documents. All documents reviewed by us have been provided to us by the executive Directors and to the extent these documents are prepared by the Group, they shall take full responsibility.

We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinions and intentions made by the executive Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of the Group, we have relied principally on its audited, unaudited and consolidated financial statements, and for which the Directors shall take full responsibility. We have also discussed with management of the Company about the reason for the entering into of the Supplemental Instrument, the involvement of Hony Capital Fund 2008, L.P. (“Hony Capital”), which is an investment fund, and the businesses of the Group. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

LETTER FROM CENTURION

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the executive Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial and other information of the Group as contained in the Circular and the Previous Circular. We have not, however, conducted any form of independent or in-depth investigation into the businesses and affairs or the prospects of each of the Group, Glory Keen and Hony Capital, or any of their respective subsidiaries, associates, parent companies, or controlling shareholders, nor have we independently verified any of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND

1.1 Information on the Group

The Group is principally engaged in the operation of department stores in the north-western regions of the PRC.

The following is an overview of the breakdown in turnover by categories and other financial highlights of the Group for the two years ended 31 December 2010 as extracted from the Company's 2010 annual report dated 22 March 2011:–

Year ended 31 December	2010 (Audited) (HK\$'000)	(in %)	2009 (Audited) (HK\$'000)	(in %)
Sales of goods	249,556	35.7%	196,909	35.9%
Net income from concession sales	402,904	57.7%	312,657	57.1%
Rental income from operating leases	33,680	4.8%	28,616	5.2%
Management service fee income	12,720	1.8%	9,870	1.8%
Turnover	698,860	100.0%	548,052	100.0%
Gross Profit	460,365		374,578	
Profit from operations	133,678		73,848	
Total borrowing costs	122,728		131,141	
Profit attributable to equity shareholders of the Company (before comprehensive income)	74,479		10,168	

LETTER FROM CENTURION

For the year ended 31 December 2010, turnover of the Group was HK\$698.9 million, an increase of approximately 28% from the previous year's HK\$548.1 million. Gross profit margin of the Group for the year ended 31 December 2010 slightly decreased to approximately 66% from approximately 68% of the previous year, due to acquisition of newly operated department stores in Xi'an, the PRC during 2010. Profit attributable to equity shareholders of the Company rose approximately 632% from the previous year's HK\$10.2 million to HK\$74.5 million.

The following is an overview of the breakdown in turnover by segments and other financial highlights of the Group for the six months ended 30 June 2011 and 2010 respectively as extracted from the Company's 2011 interim report dated 25 August 2011 ("2011 Interim Report"):-

Six months ended 30 June	2011		2010	
	(Unaudited)		(Unaudited)	
	<i>(HK\$'000)</i>	<i>(in %)</i>	<i>(HK\$'000)</i>	<i>(in %)</i>
Department stores	524,361	96.4%	327,369	100.0%
Supermarkets	<u>19,919</u>	<u>3.6%</u>	<u> </u>	<u> </u>
Turnover	<u>544,280</u>	<u>100.0%</u>	<u>327,369</u>	<u>100.0%</u>
Gross Profit	<u>358,160</u>		<u>220,309</u>	
Profit from operations	<u>135,284</u>		<u>89,005</u>	
Total borrowing costs	<u>99,656</u>		<u>54,551</u>	
Profit attributable to equity shareholders of the Company (before comprehensive income)	<u><u>184,996</u></u>		<u><u>62,592</u></u>	

For the six months ended 30 June 2011, turnover of the Group was HK\$544.3 million, an increase of approximately 66% from the previous year's of HK\$327.4 million. Gross profit margin of the Group for six months ended 30 June 2011 slightly decreased to approximately 65.8% from approximately 67.3% of the same period of the previous year, due to acquisition of department stores in Xianyang, the PRC in May 2011.

LETTER FROM CENTURION

The growth in turnover is noted for the six months ended 30 June 2011, whereas return to equity (net profit before comprehensive income/equity attributable to Shareholders) remained almost unchanged at 23%-24% (compared to the year ended 31 December 2011). The growth in turnover is a result of additional funding under the Hony Convertible Bonds for the Group's targeted acquisitions, details of which were set out in the Previous Circular.

1.2 Information on Hony Capital

As set out in the Previous Circular, Hony Capital is an investment fund which is structured as an exempt limited partnership established in the Cayman Islands. Based on the limited partnership interests of Hony Capital, Legend Holdings Limited, the controlling shareholder of Lenovo Group Limited (Stock Code: 992) via its wholly-owned subsidiary, is the single largest investor in Hony Capital, with a holding of approximately 14.3% of the value of the fund. In addition to Legend Holdings Limited, Hony Capital has 77 other investors with interests ranging from 0.02% to 7.15% of the value of the fund.

On 3 December 2010, the Company issued the Tranche I Convertible Bonds and the Tranche II Convertible Bonds to Glory Keen in the aggregate principal amount of HK\$887,000,000 and the CB Options which entitled Glory Keen to subscribe for the Option Bonds in the principal amount of up to HK\$443,500,000. On 8 April 2011, Glory Keen exercised the CB Options to subscribe for the Option Bonds in full. The Option Bonds were issued on 19 April 2011.

In addition, part of the Tranche I and Tranche II Convertible Bonds in the principal amount of HK\$205,000,000 and HK\$100,000,000 have been converted into 745,454,545 Shares and 363,636,363 Shares respectively. As at the date of the Supplemental Instrument, there were outstanding Hony Convertible Bonds in the principal amount of HK\$1,025,500,000, which can be converted into 3,729,090,907 Conversion Shares. The Tranche I Convertible Bonds, the Tranche II Convertible Bonds and the Option Bonds bear an interest of 3% coupon per annum and will mature on the fifth anniversary of the issue date. For further details of the Hony Convertible Bonds, please refer to the Previous Circular.

Hony Capital, via Glory Keen, is thus a strategic investor in the Company, having interested in 1,109,090,908 Shares, representing 28.67% of the issued share capital of the Company as at the Latest Practicable Date. It should be noted that Glory Keen's subscription of the Hony Convertible Bonds as set out in the Previous Circular was not a connected transaction of the Company.

LETTER FROM CENTURION

As set out in the Previous Circular, the reasons for the issue of the Hony Convertible Bonds were to allow the Group to have sufficient funds for certain targeted acquisitions and potential acquisitions which were within the principal line of business of the Group and for its working capital purposes. The then board of directors also considered that the core members of the investment team of Hony Capital have extensive experience with international and domestic enterprises and could therefore provide further assistance to the Company in terms of corporate governance, management and operations, strategic planning, capital market access, merger acquisition support and potential business development. In this connection, Independent Shareholders should note that Messrs. Qiu Zhongwei and Chen Shuai, the two directors nominated by Hony Capital, remain as Directors whereas Mr. Qiu Zhongwei also serves as the Vice Chairman of the Company.

2. PRINCIPAL TERMS OF THE SUPPLEMENTAL INSTRUMENT

2.1 *The Supplemental Instrument*

Date: 31 October 2011

Parties: (1) the Company; and

(2) Glory Keen, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Glory Keen is a wholly-owned subsidiary of Hony Capital, which is an investment fund. Glory Keen is a substantial Shareholder and a connected person of the Company under the Listing Rules.

LETTER FROM CENTURION

Principal Terms

Pursuant to the Supplemental Instrument, subject to the satisfaction of the conditions precedent, the Company and Glory Keen agreed:

1. to amend the coupon rate of the Hony Convertible Bonds from 3% per annum to zero coupon; and
2. to waive the interest in respect of the Hony Convertible Bonds during the period from the date of the Supplemental Instrument up to the date of the SGM.

Both parties further agreed that (i) the interest payable on the outstanding principal amount of the Tranche I Convertible Bonds and the Tranche II Convertible Bonds for the period from 3 June 2011 up to the date of the Supplemental Instrument, in the amount of approximately HK\$4.07 million and HK\$4.58 million respectively shall be paid after the SGM; and (ii) the interest payable on the outstanding principal amount of the Option Bonds for the period from 19 April 2011 up to the date of the Supplemental Instrument of approximately HK\$7.24 million shall be paid after the SGM.

2.2 Conditions precedent

The Supplemental Instrument and the transactions contemplated thereunder are subject to:

- (i) the passing of resolution(s) by the Independent Shareholders;
- (ii) the obtaining of the approval from the listing committee of the Stock Exchange; and
- (iii) the obtaining of all necessary consents and approvals required to be obtained on the part of the Company and Glory Keen in respect of the Waiver of Interest and the Amendment to Bonds.

Apart from the Amendment to Bonds, all other terms of the Hony Convertible Bonds remain unchanged. As at the Latest Practicable Date, save for (iii), none of the above conditions precedent are fulfilled.

LETTER FROM CENTURION

3. MARKET COMPARABLE CONVERTIBLE BONDS

The following analysis gives an overview of the terms of the Hony Convertible Bonds, when viewed against market comparables in convertible bonds of similar sizes. In order to make sure that these market comparables are reasonably representative samples, we have excluded those issues which are less than HK\$300 million in aggregate, which we consider less comparable given their smaller issue sizes. As a result, we have identified the following convertible bond issues over the 6 months period preceding the date of the entering into of the Supplemental Instrument by the Company on 31 October 2011, which we believe are good comparables.

Date of announcement	Company Name	Stock Code	Principal amount	Coupon rate	(Discount)/ premium (to)/ over the closing price on the last trading day
6 May 2011	SRE Group Limited	1207	HK\$550 million	2.0%	44.90%
12 May 2011	Mongolia Energy Corporation Limited	276	HK\$2,000 million	3.0%	18.34%
17 May 2011	The Wharf (Holdings) Limited	4	HK\$6,220 million	2.3%	65.00%
30 May 2011	Merdeka Resources Holdings Limited	8163	HK\$485 million	0.0%	(19.36%)
2 June 2011	Simsen International Corporation Limited	993	HK\$510 million	4.0%	(87.12%)
5 July 2011	Sino Oil and Gas Holdings Limited	702	HK\$468 million	5.0%	14.94%
2 August 2011	Haier Electronics Group Co., Ltd.	1169	HK\$1,067 million	3.0%	12.43%
2 August 2011	China Timber Resources Group Limited (Now renamed China Resources and Transportation Group Limited)	269	HK\$2,000 million*	9.0%	8.10%

LETTER FROM CENTURION

Date of announcement	Company Name	Stock Code	Principal amount	Coupon rate	(Discount)/ premium (to)/ over the closing price on the last trading day
18 August 2011	China Water Industry Group Limited	1129	HK\$480 million*	0.0%	(0.99%)
15 September 2011	Beijing Development (Hong Kong) Limited	154	HK\$301 million	1.0%	6.61%
22 September 2011	REXLot Holdings Limited	555	HK\$1,040 million	6.0%	30.00%
			Average	3.2%	8.44%
			Maximum	9.0%	65.00%
			Minimum	0.0%	(87.12%)
	The Company	162	HK\$1,330.5 million*	3.0%	(22.54%)
			HK\$1,025.5 million*	0.0%	(22.54%)

Note: * in aggregate amount

Source: The website of the Stock Exchange (www.hkex.com.hk)

Based on the above analysis, the terms of the Hony Convertible Bonds, then and now, are in our view fairly comparable to market and the zero coupon rate is of course, at the best of the range of the market comparables, in so far as the benefits accrued to the Company is concerned, having considered other factors such as the conversion price is at a reasonable discount to the then market closing price of the Shares and the background of Hony Capital.

LETTER FROM CENTURION

4. REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL INSTRUMENT

As set out in the “Letter From The Board”, Glory Keen is a strategic investor of the Company since December 2010. As at the Latest Practicable Date, Glory Keen is interested in 1,109,090,908 Shares, representing 28.67% of the issued share capital of the Company. As a long term strategic investor, Glory Keen is optimistic on the future business prospect of the department store business the Group currently operates and has provided previous financial support in several acquisitions of the Company. In the future, the Company will continue to look for potential acquisition opportunities to further strengthen the business base of the Group when opportunity arises.

With the same goal of maximizing the return of the Company and reserving more financial resources for future potential acquisition, Glory Keen and the Company entered into the Supplemental Instrument for the Amendment to Bonds and the Waiver of Interest after arm’s length negotiations.

Having considered that the Waiver of Interest and the Amendment to Bonds under the Supplemental Instrument will (i) release the interest burden of the Group for the remaining term of the Hony Convertible Bonds; (ii) improve the profitability and liquidity of the Group; and (iii) save interest expenses and reserve more working capital for the Group for its operation, which will be in the interests of the Company and the Shareholders as a whole, the Board (excluding Mr. Qiu Zhongwei and Mr. Chen Shuai, who are both the Board representatives from Glory Keen) considers that the terms and conditions of the Supplemental Instrument are fair and reasonable and the Amendment to Bonds and the Waiver of Interest are in the interests of the Company and the Shareholders as a whole.

For the bases set out in this letter of independent advice, we concur with such view of the Board.

5. POSSIBLE FINANCIAL EFFECTS AND BENEFITS ACCRUED

As set out in the “Letter From The Board”, part of the Tranche I and Tranche II Convertible Bonds in the principal amount of HK\$205,000,000 and HK\$100,000,000 have been converted and there were outstanding Hony Convertible Bonds in the principal amount of HK\$1,025,500,000. The Tranche I Convertible Bonds, the Tranche II Convertible Bonds and the Option Bonds bear an interest of 3% coupon per annum and will mature on the fifth anniversary of the issue date.

LETTER FROM CENTURION

Pursuant to the relevant bond instruments of the Hony Convertible Bonds, interest shall be calculated on the basis of actual number of days elapsed and on a 360-day year basis, payable semi-annually in arrears. This means that assuming the remaining principal amount of the Hony Convertible Bonds remains unchanged at HK\$1,025,500,000, the Company is obliged to service its indebtedness under the Hony Convertible Bonds with aggregate interest payment of approximately HK\$15.6 million every six months, or approximately HK\$31.2 million on an annual basis.

As set out above, the interest payable on the outstanding principal amount of the Tranche I Convertible Bonds and the Tranche II Convertible Bonds for the period from 3 June 2011 up to the date of the Supplemental Instrument, in the amount of approximately HK\$4.07 million and HK\$4.58 million respectively shall be paid after the SGM; and (ii) the interest payable on the outstanding principal amount of the Option Bonds for the period from 19 April 2011 up to the date of the Supplemental Instrument of approximately HK\$7.24 million shall be paid after the SGM. This is because under the 6-month in arrear interest payment term of the Hony Convertible Bonds, such interest payments are not due yet and this arrangement to fix payment after the SGM is to cater to the legal needs for interest payments.

Other possible financial effects are set out below.

5.1 Effects on earnings

As set out in the 2011 Interim Report, total unaudited consolidated borrowing cost of the Group for the six months ended 30 June 2011 amounted to HK\$99.7 million, of which, approximately HK\$80.6 million was attributable to “finance charges on unsecured and convertible notes”. We are of the view that the proposed Amendment to Bonds and the Waiver of Interest will have a positive effect on earnings of the Group going forward, as the Group no longer has to service the interest payment of the Hony Convertible Bonds.

5.2 Effects on assets

As set out in the 2011 Interim Report, total unaudited consolidated assets and net assets of the Group as at 30 June 2011 were approximately HK\$4,559 million and HK\$904 million respectively. The proposed Amendment to Bonds and the Waiver of Interest will result in better conservation of cash balance and the non accrual of interest payable, thus each of the total assets and net assets of the Group will be improved accordingly.

LETTER FROM CENTURION

5.3 *Effects on cash flow*

The waiver of interest under the Hony Convertible Bonds will also have a positive effect on the cash flow of the Group as its cash outflow will no longer be required to include debt servicing for the Hony Convertible Bonds. This will result in stronger cash flow for the Group.

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider the terms and conditions of the Supplemental Instrument and the transactions contemplated thereunder (including the proposed Amendment to Bonds and the Waiver of Interest) are of normal commercial terms, and whilst they are not in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Supplemental Instrument and the transactions contemplated thereunder at the SGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

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 securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which 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 contained in the Listing Rules, were as follows:

(i) Long position in the Shares

Name of Directors	Capacity	Number of issued shares held	Approximate percentage of the issue share capital of the Company
Mr. Sha Yingjie	Personal interests	2,248,000	0.06%
Mr. Choon Hoi Kit, Edwin	Personal interests	1,420,000	0.04%

(ii) Long position in the share options

Name of Directors	Date of grant	Option period	Exercise price per share	Number of share options	Approximate percentage of the issued share capital of the Company
Mr. Wu Yijian	20 Oct 2010	20 Oct 2010 to 19 Oct 2015	HK\$0.315	17,500,000	0.45%
	20 Oct 2011	20 Oct 2011 to 19 Oct 2017	HK\$0.490	15,000,000	0.39%
Mr. Choon Hoi Kit, Edwin	20 Oct 2010	20 Oct 2010 to 19 Oct 2015	HK\$0.315	2,500,000	0.06%
	20 Oct 2011	20 Oct 2011 to 19 Oct 2017	HK\$0.490	10,000,000	0.26%
Mr. Qu Jiaqi	20 Oct 2010	20 Oct 2010 to 19 Oct 2015	HK\$0.315	2,500,000	0.06%
	20 Oct 2011	20 Oct 2011 to 19 Oct 2017	HK\$0.490	10,000,000	0.26%
Mr. Sha Yingjie	20 Oct 2010	20 Oct 2010 to 19 Oct 2015	HK\$0.315	2,000,000	0.05%
	20 Oct 2011	20 Oct 2011 to 19 Oct 2017	HK\$0.490	7,500,000	0.19%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which 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 contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as was known to any Director or chief executives of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long position/short position in the Shares

Name of shareholder	Long position/ short position	Nature of interests	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Best Mineral Resources Limited	Long position	Corporate interests	1,159,529,440 (Note 1)	29.98%
Mr. Chen Jian	Long position	Interest in a controlled corporation	1,159,529,440 (Note 1)	29.98%
Glory Keen Holdings Limited	Long position	Corporate interests	2,268,620,348 (Note 2)	58.65%
Hony Capital Fund 2008, L.P.	Long position	Interest in a controlled corporation	2,268,620,348 (Note 2)	58.65%
Hony Capital Fund 2008 GP, L.P.	Long position	Interest in a controlled corporation	2,268,620,348 (Note 2)	58.65%
Hony Capital Fund 2008 GP Limited	Long position	Interest in a controlled corporation	2,268,620,348 (Note 2)	58.65%
Hony Capital Management Limited	Long position	Interest in a controlled corporation	2,268,620,348 (Note 2)	58.65%
Zhao John Huan	Long position	Interest in a controlled corporation	2,268,620,348 (Note 2)	58.65%
Right Lane Limited	Long position	Interest in a controlled corporation	2,268,620,348 (Note 2)	58.65%

(i) Long position/short position in the Shares (cont'd)

Name of shareholder	Long position/ short position	Nature of interests	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Legend Holdings Limited	Long position	Interest in a controlled corporation	2,268,620,348 (Note 3)	58.65%
Beijing Lian Chi Zhi Yuan Management Consulting Centre	Long position	Interest in a controlled corporation	2,268,620,348 (Note 3)	58.65%
Beijing Lian Chi Zhi Tung Management Consulting Ltd.	Long position	Interest in a controlled corporation	2,268,620,348 (Note 3)	58.65%
Chinese Academy of Sciences Holdings Co., Ltd.	Long position	Interest in a controlled corporation	2,268,620,348 (Note 3)	58.65%
Chinese Academy of Sciences	Long position	Interest in a controlled corporation	2,268,620,348 (Note 3)	58.65%

(ii) Long position/short position in the underlying Shares of equity derivatives (as defined in Part XV of the SFO)

Name of shareholder	Long position/ short position	Nature of interests	Number of underlying Shares held	Approximate percentage of the issued Share capital of the Company
Best Mineral Resources Limited	Long position	Corporate interests	324,391,570 (Note 1)	8.39%
Mr. Chen Jian	Long position	Interest in a controlled corporation	324,391,570 (Note 1)	8.39%

(ii) *Long position/short position in the underlying shares of equity derivatives (as defined in Part XV of the SFO) (cont'd)*

Name of shareholder	Long position/ short position	Nature of interests	Number of underlying shares held	Approximate percentage of the issued share capital of the Company
Glory Keen Holdings Limited	Long position	Corporate interests	4,053,482,477 (Note 3)	104.79%
Hony Capital Fund 2008, L.P.	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Hony Capital Fund 2008 GP, L.P.	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Hony Capital Fund 2008 GP Limited	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Hony Capital Management Limited	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Zhao John Huan	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Right Lane Limited	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Legend Holdings Limited	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Beijing Lian Chi Zhi Yuan Management Consulting Centre	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Beijing Lian Chi Zhi Tung Management Consulting Ltd.	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Chinese Academy of Sciences Holdings Co., Ltd.	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%
Chinese Academy of Sciences	Long position	Interest in a controlled corporation	4,053,482,477 (Note 3)	104.79%

(ii) *Long position/short position in the underlying shares of equity derivatives (as defined in Part XV of the SFO) (cont'd)*

Name of shareholder	Long position/ short position	Nature of interests	Number of underlying shares held	Approximate percentage of the issued share capital of the Company
Grand Well Group Limited	Long position	Corporate interests	236,250,000 (Note 4)	6.11%
Mr. Mak Kam Fai	Long position	Interest in a controlled corporation	236,250,000 (Note 4)	6.11%

Notes:—

- (1) Best Mineral Resources Limited (“BMRL”) held 1,159,529,440 Shares and 324,391,570 underlying Shares related to its derivative interests under the BMRL convertible bond in its own name with the principal amount of HK\$175,171,448 with conversion price of HK\$0.54 per Share (the “BMRL CB”). Mr. Chen Jian held 100% of the issued share capital of BMRL. As such, Mr. Chen Jian was deemed to be interested in 1,159,529,440 Shares and 324,391,570 underlying Shares related to its derivative interests by virtue of his shareholding in BMRL. Pursuant to the terms and conditions of the BMRL CB, no holder of the BMRL CB or any party acting in concert with such holder shall be permitted to exercise the conversion rights attaching to the BMRL CB if such exercise would result in such holder or any party acting in concert with it being required to make a mandatory general offer for the shares of the Company under the Codes on Takeovers and Mergers and Share Repurchases and/or the public float of the Company would become less than 25% of the issued share capital as required under the Listing Rules after issuance of such Shares.
- (2) The long position of 2,268,620,348 Shares represents (i) the 1,109,090,908 Shares held by Glory Keen; and (ii) the security interest held by Glory Keen over the 1,159,529,440 Shares held by BMRL 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 Capital Management Limited, is the sole general partner of Hony Capital Fund 2008 GP, L.P.. Mr. Zhao John Huan and Right Lane Limited respectively own 55% and 45% equity interests in Hony Capital Management Limited. Right Lane Limited is a wholly-owned subsidiary of Legend Holdings Limited. Chinese Academy of Sciences Holdings Co., Ltd. and Beijing Lian Chi Zhi Yuan Management Consulting Centre are the substantial shareholders of Legend Holdings Limited, with 36% and 35% interests, respectively. Chinese Academy of Sciences Holdings Co., Ltd. is a wholly-owned subsidiary of Chinese Academy of Sciences. Beijing Lian Chi Zhi Tung Management Consulting Ltd. is the sole general partner of Beijing Lian Chi Zhi Yuan Management Consulting Centre. Each of the above-mentioned parties is therefore deemed to be interested in the security interest held by Glory Keen.

- (3) The long position of 4,053,482,477 underlying Shares represents the interest in the 3,729,090,907 conversion shares which may be issued under the Hony Convertible Bonds and the security interest held by Glory Keen under the BMRL share charge over the 324,391,570 underlying Shares which may be issued (subject to the conversion restriction as stated in Note (1) above) under the BMRL CB. The exercise of the conversion rights attaching to the Hony Convertible Bonds are subject to the restrictions as stated in the paragraph headed “Principal terms of the Convertible Bonds” under the section headed “Subscription Agreement” in the circular dated 30 October 2010.
- (4) Grand Well Group Limited (“Grand Well”) held 236,250,000 underlying Shares related to its derivative interests under the Grand Well convertible bond in its own name with the principal amount of HK\$94,500,000 with the conversion price of HK\$0.4 per Share. Mr. Mak Kam Fai holds 100% of the issued share capital of Grand Well. As such, Mr. Mak Kam Fai is deemed to be interested in 236,250,000 underlying Shares related to its derivative interests by virtue of his shareholding in Grand Well.

Save as disclosed above, the Directors and the chief executives of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had any interest or short position in the Shares or underlying shares of the Company 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 was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. EXPERT AND CONSENT

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

Name	Qualifications
Centurion Corporate Finance Limited	a licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities under the SFO

Centurion has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Centurion did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. MISCELLANEOUS

- (i) Save as disclosed in this circular,
 - (a) none of the Directors and the expert (as named in the paragraph under “Expert and Consent” in this Appendix) had any direct or indirect interest in any assets which had been, since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group; and
 - (b) 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.
- (ii) The English text of this circular and the proxy form shall prevail over the Chinese text in case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any business day at the office of the Company at Suites 1701-1703, 17/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including 15 December 2011 and at the SGM:

- (i) the bye-laws and memorandum of association of the Company;
- (ii) the letter of advice from the Independent Board Committee, the text of which is set out on pages 10 to 11 in this circular;
- (iii) the letter of advice from Centurion to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 12 to 23 in this circular;
- (iv) the letter from the Board, the text of which is set out on pages 4 to 9 in this circular;
- (v) the written consent referred to under the paragraph headed “Expert and Consent” in this Appendix;
- (vi) the Hony Convertible Bonds;
- (vii) the Supplemental Instrument; and
- (viii) this circular.

NOTICE OF THE SGM



CENTURY GINWA RETAIL HOLDINGS LIMITED

世紀金花商業控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 162)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Century Ginwa Retail Holdings Limited (the “**Company**”) will be held at Suites 1701-1703, 17/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on 15 December 2011, Thursday at 11:00 a.m. for the following purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

“THAT

- (a) the supplemental instrument (the “**Supplemental Instrument**”) dated 31 October 2011 entered into between the Company and Glory Keen Holdings Limited (a copy of the Supplemental Instrument is marked “A” and produced to the SGM and signed by the chairman of the SGM for identification purposes) in relation to the amendment of the coupon rate of the Hony Convertible Bonds (as defined in the circular of the Company dated 24 November 2011) from three per cent (3%) per annum to zero and waiver of interest (as defined in the circular of the Company dated 24 November 2011) and the terms and conditions thereof and the transactions contemplated thereunder and the implementation thereof be and is hereby approved and confirmed; and
- (b) any one director and the company secretary or any two directors of the Company be and is/are hereby authorised to do all such acts and things and execute and affix common seal on all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Supplemental Instrument and the transactions contemplated thereunder.”

Yours faithfully,

On behalf of the board

Century Ginwa Retail Holdings Limited

Choon Hoi Kit, Edwin

Chief Executive Officer

Hong Kong, 24 November 2011

NOTICE OF THE SGM

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

*Principal place of business
in Hong Kong:*

Suites 1701-1703,
17/F., Dah Sing Financial Centre,
108 Gloucester 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 articles of association 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 registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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.