联华超市股份有限公司
LIANHUA SUPERMARKET HOLDINGS CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00980)

ANNOUNCEMENT
PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board would like to inform the Shareholders and potential investors that the adoption of HKFRS 16 had a material negative impact on the Group's financial performance. The Group's net profit for the six months ended 30 June 2019 is expected to decrease significantly as compared to the six months ended 30 June 2018 while the exact impact has not been finalised.

Excluding the effects of the adoption of HKFRS 16 during the first half of 2019 on the financial performance of the Group, the Group's net profit for the six months ended 30 June 2019 is expected to increase by approximately 150% to 250% as compared to the six months ended 30 June 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Lianhua Supermarket Holdings Co., Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the Group began to adopt the Hong Kong Financial Reporting Standard 16, Leases ("**HKFRS 16**") which became effective for financial periods beginning on or after 1 January 2019 and superseded Hong Kong Accounting Standard 17, Leases ("**HKAS 17**"). After the adoption of HKFRS 16, the expenses relating to the leases entered into by the Group as recognized in the Group's income statement are higher than that would be recognized under the superseded HKAS 17, which have a material negative impact on the Group's financial performance. The Group's net profit for the six months ended 30 June 2019 is expected to decrease significantly as compared to the six months ended 30 June 2018 while the exact impact has not been finalised.

Excluding the effects of the adoption of HKFRS 16 during the first half of 2019 on the financial performance of the Group, the Group's net profit for the six months ended 30 June 2019 is expected to increase by approximately 150% to 250% as compared to the six months ended 30 June 2018 primarily due to the one-off relocation compensation income recorded in the first half 2019 and an increase in the fair value of financial assets at fair value through profit or loss as well as enhanced performance brought by the continuous transformation and upgrading measures carried out by the Group.

This profit warning announcement is prepared only based on the information currently available to the Group and a preliminary assessment on the management accounts of the Group by the management of the Company, which has not been audited or reviewed by the Company's auditors. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for the six months ended 30 June 2019, which is expected to be published by the Company in August 2019. There may be differences between such information and the estimated financial information set out above.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Lianhua Supermarket Holdings Co., Ltd.
Ye Yong-ming
Chairman of the Board

Shanghai, the People's Republic of China, 26 July 2019

As at the date of this announcement, the directors of the Company are:

Executive Director:	Xu Tao;
Non-executive Directors:	Ye Yong-ming, Xu Zi-ying, Xu Hong, Qian Jian-qiang, Zheng Xiao-yun and Wong Tak Hung;
Independent Non-executive Directors:	Xia Da-wei, Lee Kwok Ming, Don, Chen Wei and Zhao Xin-sheng.