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

(Stock Code: 00980)

ANNOUNCEMENT TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS

TERMINATION AGREEMENT

Reference is made to the announcement of the Company dated 15 July 2011, relating to, among others, the leasing of the Premises under the Shanghai Yuqiao Leasing Agreement entered into between Century Lianhua Yuqiao and Bailian Dongjiao.

On 30 January 2024, Century Lianhua Yuqiao, a subsidiary of the Company, entered into the Termination Agreement with Bailian Dongjiao, a subsidiary of Shanghai Bailian in relation to, among others, the early termination of the Shanghai Yuqiao Leasing Agreement. This announcement is made by the Company pursuant to Rule 14A.35 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 July 2011, relating to, among others, the leasing of the Premises under the Shanghai Yuqiao Leasing Agreement entered into between Century Lianhua Yuqiao and Bailian Dongjiao.

On 30 January 2024, Century Lianhua Yuqiao, a subsidiary of the Company, entered into the Termination Agreement with Bailian Dongjiao, a subsidiary of Shanghai Bailian in relation to, among others, the early termination of the Shanghai Yuqiao Leasing Agreement.

THE TERMINATION AGREEMENT

On 30 January 2024, Century Lianhua Yuqiao entered into the Termination Agreement with Bailian Dongjiao, the principal terms of which are summarised as follows:

Date

30 January 2024

Parties

- (1) Century Lianhua Yuqiao (as lessor); and
- (2) Bailian Dongjiao (as lessee)

Premises

Address: the property located at first to third floors of Century Lianhua Yuqiao Shopping Centre, No. 2420 Hu Nan Road, Pudong New District, Shanghai, the PRC

Total leasing area: approximately 34,536.91 sq.m

Date of Termination

30 November 2023

Compensation for early termination

- (1). A total sum of RMB8.25 million is payable by Bailian Dongjiao to Century Lianhua Yuqiao as compensation payment for the early termination of the Shanghai Yuqiao Leasing Agreement. The sum represents the entire sum payable by Bailian Dongjiao to Century Lianhua Yuqiao in connection to the early termination of the Shanghai Yuqiao Leasing Agreement, which also takes into account factors such as the operating costs and the loss of revenue from merchant solicitation of Century Lianhua Yuqiao.
- (2). The compensation will be payable by Bailian Dongjiao to Century Lianhua Yuqiao no later than 31 January 2024 in one go.
- (3). Both parties shall not be liable to each other for any breach of contract or compensation other than the compensation set out above.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TERMINATION AGREEMENT

Given the store located at the Premises recorded operating losses for successive years, Bailian Dongjiao has decided to early terminate the Shanghai Yuqiao Leasing Agreement to close the store accordingly, and the parties have decided to enter into the Termination Agreement after arms' length negotiation. Under the Termination Agreement, Century Lianhua Yuqiao will be compensated for the early termination of the Shanghai Yuqiao Leasing Agreement as requested by Bailian Dongjiao.

The Directors (including independent non-executive Directors) consider that the termination of the Shanghai Yuqiao Leasing Agreement and the compensation for the early termination is fair and reasonable and on normal commercial terms and the terms of the Termination Agreement are fair and reasonable, on normal commercial terms in the interest of the Company and the Shareholders as a whole.

BOARD'S APPROVAL

The Board has approved the entering into of the Termination Agreement, and none of the Directors has any material interest in the transactions contemplated thereunder.

Since Mr. Pu Shao-hua, Mr. Shi Xiao-long, Mr. Chong Xiao-bing, Ms. Zhang Shen-yu and Mr. Dong Xiao-chun are either holding senior positions or are directors in Bailian Group and/or its subsidiaries, they have abstained from voting on the relevant resolution of the Board to approve the entering into of the Termination Agreement. Save as disclosed above, none of the other Directors was required to abstain from voting to approve the relevant Board resolution.

GENERAL INFORMATION

Information of the Company

The Company is principally engaged in retail chain business, including the operation of hypermarkets, supermarkets and convenience stores in the PRC.

Information of the Century Lianhua Yuqiao

Century Lianhua Yuqiao, a subsidiary of the Company, is principally engaged in operating hypermarket located in the Premise in Pudong New District, Shanghai.

Information of the Bailian Dongjiao

Bailian Dongjiao, a wholly-owned subsidiary of Shanghai Bailian (a substantial Shareholder), is principally engaged in the retailing business, business information consulting, fee parking, entrusted housing leasing, design, production, agency and release of advertisements.

DEFINITIONS

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

“Bailian Group”	Bailian Group Co., Ltd.* (百聯集團有限公司), a limited liability company incorporated in the PRC and a substantial Shareholder
“Bailian Dongjiao”	Shanghai Bailian Dongjiao Shopping Centre Co., Ltd.* (上海百聯東郊購物中心有限公司)
“Board”	the board of Directors
“Century Lianhua Yuqiao”	Shanghai Century Lianhua Yuqiao Shopping Centre Co., Ltd.* (上海世紀聯華御橋購物廣場有限公司)
“Company”	Lianhua Supermarket Holdings Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	the premise located at first to third floors of Century Lianhua Yuqiao Shopping Centre, No. 2420 Hu Nan Road, Pudong New District, Shanghai, the PRC, with a total leasing area of approximately 34,536.91 sq.m.
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Bailian”	Shanghai Bailian Group Co., Limited* (上海百聯集團股份有限公司), a substantial Shareholder
“Shanghai Yuqiao Leasing Agreement”	the leasing agreement dated 15 July 2011, relating to the leasing of the Premises
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 30 January 2024 entered into between Century Lianhua Yuqiao and Bailian Dongjiao for termination of the Shanghai Yuqiao Leasing Agreement
“%”	per cent

By order of the Board
Lianhua Supermarket Holdings Co., Ltd.
Pu Shao-hua
Chairman

Shanghai, the PRC, 30 January 2024

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

Executive Director: Chong Xiao-bing;

Non-executive Directors: Pu Shao-hua, Shi Xiao-long, Hu Xiao, Zhang Shen-yu, Dong Xiao-chun and Wong Tak Hung;

Independent non-executive Directors: Xia Da-wei, Lee Kwok Ming, Don, Chen Wei and Zhao Xin-sheng.

* For identification purpose only