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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 OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

As at 30 June 2024, the Group recorded the following:

- Revenue amounted to RMB10,897 million, representing a decrease of approximately 7.4% year on year. Same store sales decreased by approximately 6.97% year on year, in which the hypermarket segment decreased by approximately 8.55%, the supermarket segment decreased by approximately 5.21% and the convenience store segment decreased by approximately 6.45%.

- Gross profit amounted to approximately RMB1,252 million, representing a decrease of approximately RMB235 million year on year. Gross profit margin was approximately 11.49%. Consolidated income margin was approximately 22.37%.

- Operating profit amounted to approximately RMB14 million, and operating profit margin was 0.13%. Profit before tax amounted to approximately RMB18 million, representing an increase of approximately RMB8 million year on year. Loss attributable to the shareholders of the Company amounted to approximately RMB55 million, indicating a year-on-year loss contraction of approximately RMB62 million. Basic losses per share amounted to RMB0.05.

- The total number of outlets reached 3,343. During the period under review, the Group opened 123 new outlets, including two hypermarkets, 111 supermarkets (including 39 directly-operated stores and 72 franchised stores) and 10 convenience stores (all are franchised stores).

Note 1: Consolidated income = Gross profit + Other revenue + Other income and other gains and losses

Note 2: Consolidated income margin = (Gross profit + Other revenue + Other income and other gains and losses)/Revenue

Note 3: Operating profit = Profit before tax – Share of results of associates

Note 4: Operating profit margin = (Profit before tax – Share of results of associates)/Revenue

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**10,896,547**	11,771,962
Cost of sales		**(9,644,651)**	(10,284,780)
Gross profit		**1,251,896**	1,487,182
Other revenue	*3*	**902,425**	1,040,460
Other income and other gains and losses	*5*	**282,829**	256,927
Distribution and selling expenses		**(1,973,101)**	(2,181,390)
Administrative expenses		**(324,077)**	(397,607)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(3,040)**	(843)
Other expenses	*6*	**(15,999)**	(1,557)
Share of results of associates		**3,244**	(75,627)
Finance costs	*7*	**(106,655)**	(118,354)
Profit before tax	*8*	**17,522**	9,191
Income tax expense	*9*	**(45,372)**	(80,177)
Loss and total comprehensive expense for the period		**(27,850)**	(70,986)
(Loss) profit and total comprehensive (expense) income for the period attribute to:			
Owners of the Company		**(54,809)**	(116,461)
Non-controlling interests		**26,959**	45,475
		(27,850)	(70,986)
Loss per share – basic *(RMB cents)*	*11*	**(4.9)**	(10.4)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		**3,096,086**	3,221,869
Construction in progress		**9,422**	14,339
Right-of-use assets		**4,705,328**	5,022,128
Goodwill		**146,096**	146,096
Intangible assets		**115,932**	126,477
Interests in associates		**234,570**	231,382
Financial assets at fair value through profit or loss ("**FVTPL**")		**48,948**	53,851
Finance lease receivables-non-current		**67,814**	57,441
Term deposits		**3,343,000**	4,278,060
Deferred tax assets		**77,284**	77,712
Other non-current assets		**115,249**	157,090
		11,959,729	13,386,445
Current assets			
Inventories		**1,927,438**	2,431,542
Finance lease receivables-current		**35,149**	23,512
Prepaid rental		**5,042**	5,128
Trade and bills receivables	*12*	**281,606**	238,326
Deposits, prepayments and other receivables		**494,912**	486,561
Financial assets at FVTPL		**1,156,171**	996,485
Amount due from an ultimate holding company		**8**	690
Amounts due from fellow subsidiaries		**93,290**	41,855
Amount due from an associate		**533**	479
Term deposits		**1,656,433**	930,500
Restricted bank balances		**19,041**	–
Cash and cash equivalents		**2,373,477**	2,447,620
		8,043,100	7,602,698
Total assets		**20,002,829**	20,989,143

	NOTES	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Capital and reserves			
Share capital		**1,119,600**	1,119,600
Reserves		**(1,102,283)**	(1,047,474)
Equity attributable to owners of the Company		**17,317**	72,126
Non-controlling interests		**398,104**	376,221
Total equity		**415,421**	448,347
Non-current liabilities			
Deferred tax liabilities		**128,698**	127,613
Lease liabilities		**4,065,843**	4,305,173
		4,194,541	4,432,786
Current liabilities			
Trade and bills payables	*13*	**4,484,969**	4,402,499
Tax payable		**146,279**	203,460
Other payables and accruals		**1,351,477**	1,756,847
Lease liabilities		**790,983**	833,025
Coupon liabilities		**8,534,993**	8,899,355
Amount due to an ultimate holding company		**5,116**	–
Amounts due to fellow subsidiaries		**78,307**	12,074
Amounts due to associates		**743**	750
		15,392,867	16,108,010
Total liabilities		**19,587,408**	20,540,796
Total equity and liabilities		**20,002,829**	20,989,143

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. PRINCIPAL ACTIVITIES

Lianhua Supermarket Holdings Co., Ltd. (the "**Company**") is a joint stock limited company incorporated in the PRC with limited liability. The address of its registered office and principal place of business is Room 713, 7th Floors, No. 1258, Zhen Guang Road, Putuo District, Shanghai, the PRC. The Company is listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The directors of the Company consider that the Company's direct holding company is Bailian Group Co., Ltd ("**Bailian Group**"), a state-owned enterprise established in the PRC, and Shanghai Bailian Group Co., Limited ("**Shanghai Bailian**"), a company incorporated in the PRC and listed on the Shanghai Stock Exchange, and the Company's ultimate holding company is Bailian Group.

The principal activities of the Company and its subsidiaries (the "**Group**") are operation of chain stores including supermarkets, hypermarkets and convenience stores primarily in the eastern region of the PRC.

As of 30 June 2024, the Group has net current liabilities of RMB7,349,767,000 (31 December 2023: RMB8,505,312,000). Taking into account of the Group's ability to withdraw the non-current unrestricted term deposits of RMB1,820,025,000 (31 December 2023: RMB2,955,015,000), the historical settlement and addition pattern of the coupon liabilities, the directors of the Company consider the liquidity risk has been effectively monitored and the Group is able to be continued as a going concern.

The condensed consolidated financial statements are presented in Renminbi (the "**RMB**"), which is also the functional currency of the Company and its subsidiaries.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS7 and HKFRS 7	Supplier Finance Arrangements

The application of amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND OTHER REVENUE

The Group is principally engaged in the operation of chain stores for hypermarkets, supermarkets and convenience stores. Analysis of the Group's revenue recognised during the period is as follows:

(i) Disaggregation of revenue from contracts with customers

Type of Revenue

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sales of merchandise	**10,896,547**	11,771,962
Services		
Income from suppliers (service income)	**657,273**	784,263
Franchising income from franchised stores	**18,829**	20,542
Commission income on coupon redemption at other retail shops	**659**	201
	676,761	805,006
	11,573,308	12,576,968

3. REVENUE AND OTHER REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

Timing of revenue recognition

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
At a point in time	**10,897,206**	11,772,163
Over time	**676,102**	804,805
	11,573,308	12,576,968

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
– sales of merchandise	**10,896,547**	11,771,962
Other revenue from contracts with customers – services	**676,761**	805,006
Rental income from leasing of shop premises	**225,664**	235,454
	902,425	1,040,460
Total revenue and other revenue	**11,798,972**	12,812,422

3. REVENUE AND OTHER REVENUE (Continued)

(ii) Leases

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
For operating leases:		
Fixed lease payments	**222,082**	226,615
For finance leases:		
Finance income on the net investment in the lease	**3,582**	8,839
Total revenue arising from leases	**225,664**	235,454

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue (including revenue and other revenue) and results by reportable and operating segments, which the Group's General Manager, being the Group's chief operating decision maker (the "**CODM**"), reviews when making decisions about allocating resources and assessing performance:

	Segment revenue		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2024	2023	**2024**	2023
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hypermarkets	**5,220,509**	5,873,177	**94,228**	122,472
Supermarkets	**5,756,369**	6,038,883	**29,776**	64,766
Convenience stores	**785,340**	852,375	**(18,432)**	(5,319)
Other operations	**36,754**	47,987	**1,277**	(4,626)
	11,798,972	12,812,422	**106,849**	177,293

4. SEGMENT INFORMATION (Continued)

A reconciliation of the total segment results to consolidated profit before tax is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Segment results	**106,849**	177,293
Share of results of associates	**3,244**	(75,627)
Unallocated interest income	**16,491**	10,147
Unallocated (loss) gain on change in fair value of financial assets at FVTPL	**(4,892)**	9,969
Unallocated expenses	**(104,170)**	(112,591)
Profit before tax	**17,522**	9,191

All of the segment revenue reported above is from external customers.

All of the Group's revenue and segment results are attributable to customers in the PRC.

Segment results did not include share of results of associates, allocation of headquarter income and expenses (including certain interest income relating to funds centrally managed) and unallocated (loss) gain on change in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Information on segment assets and liabilities is not disclosed since these information are not used by CODM in assessing the performance of reportable segments.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest income on bank balances and term deposits	**122,218**	137,337
Government grants *(Note i)*	**14,618**	18,174
Gain on change in fair value of financial assets at FVTPL	**14,783**	24,829
Dividends from financial assets at FVTPL	**10**	–
Gain on disposal of property, plant and equipment	**–**	1,717
Net gain on termination of right-of-use assets and lease liabilities	**50,917**	23,419
Salvage sales	**6,827**	8,476
Income from breakage *(Note ii)*	**7,331**	6,408
Coupon charges	**5,057**	5,326
Penalty income	**48,841**	17,928
Membership income	**2,280**	2,531
Others	**9,947**	10,782
	282,829	256,927

Notes:

(i) The Group received unconditional grants of RMB14,618,000 (30 June 2023: RMB18,174,000) from the PRC local government as an encouragement for operation of certain subsidiaries in certain regions of the PRC.

(ii) The Group recognises the amount of breakage at expected redemption rate, which is formulated by reference to the ratio derived from historical information on proportion of coupons issued by the Group but not yet utilised by the customers for certain period of time. The breakage amounts are recognised as other income from coupon liabilities.

6. OTHER EXPENSES

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**7,203**	–
Store closure expenses	**5,077**	1,363
Penalty expense	**3,087**	–
Others	**632**	194
	15,999	1,557

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest expense on lease liabilities	**94,010**	111,559
Expense on discounting of bill receivables	**12,645**	6,795
	106,655	118,354

8. PROFIT BEFORE TAX

Profit before tax has been arrived at:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Amortisation and depreciation		
Amortisation of intangible assets	**17,104**	16,736
Depreciation of property, plant and equipment	**172,475**	168,037
Depreciation of right-of-use assets	**441,460**	488,348
Total amortisation and depreciation	**631,039**	673,121
Cost of inventories recognised as an expense	**9,646,212**	10,285,566
Impairment losses under ECL model, net of reversal	**3,040**	843
Staff costs	**974,992**	1,127,909
Reversals of write down of inventories	**(1,561)**	(786)
Share of results of associates		
Share of results before tax	**(4,155)**	74,639
Share of income tax expense	**911**	988
	(3,244)	75,627

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax on the PRC Enterprise Income Tax ("**EIT**")	**44,086**	99,868
(Over) under provision in prior years	**(227)**	12
Deferred tax credit (debit)	**1,513**	(19,703)
	45,372	80,177

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on EIT ("**EIT Law**") and Implementation Regulation of the EIT Law, the EIT tax rate of the PRC subsidiaries is 25%. Certain subsidiaries are entitled to EIT at preferential rate of 15% as those entities are located in the western China. In addition, certain subsidiaries which are identified as small low-profit enterprises are entitled to enjoy preferential EIT rate ranging from 5% to 10%.

10. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for both interim periods.

11. LOSS PER SHARE – BASIC

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss		
Loss for the period attributable to owners of the Company	**(54,809)**	(116,461)

11. LOSS PER SHARE – BASIC (Continued)

The calculation of the basic loss per share attributable to owners of the Company is based on the following data: (Continued)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of loss per share	**1,119,600,000**	1,119,600,000

No diluted loss per share is presented as there was no dilutive potential ordinary shares in issue for both periods.

12. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables – contracts with customers	**285,595**	239,429
Bills receivables	**4,700**	6,000
Less: allowance for credit losses	**(8,689)**	(7,103)
	281,606	238,326

12. TRADE AND BILLS RECEIVABLES (Continued)

The aging analysis of the trade receivables net of allowance for credit losses at the end of the reporting period, arising principally from sales merchandise to wholesalers with credit terms ranging from 30 to 60 days (31 December 2023: 30 to 60 days), presented as follows:

	30 June 2024 (Unaudited) ***RMB'000***	31 December 2023 (Audited) *RMB'000*
0-30 days	**261,114**	220,292
31-60 days	**1,223**	2,968
61-90 days	**464**	811
Over 90 days	**14,105**	8,255
	276,906	232,326

The aging is determined from the date on which the control of the goods or services is transferred to the customers till the end of the reporting period.

The following is an ageing analysis of bills receivables presented based on the issue dates of bills receivables.

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
0-180 days	**4,700**	6,000

The following is a maturity analysis of bills receivables presented based on the remaining dates to maturity of bills receivables at the end of each reporting period.

	30 June 2024 (Unaudited) ***RMB'000***	31 December 2023 (Audited) *RMB'000*
0-180 days	**4,700**	6,000

12. TRADE AND BILLS RECEIVABLES (Continued)

The trade receivables are mainly public institutions with good credit standing. The management considered the credit quality of the trade receivables that are neither past due nor impaired were good and there was no default from those debtors in historical record. For trade receivables which are past due, the Group has applied provision matrix to measure the ECL.

Aging of trade receivables which are past due:

	30 June 2024 (Unaudited) ***RMB'000***	31 December 2023 (Audited) *RMB'000*
1-30 days past due	**464**	811
More than 30 days past due	**14,105**	8,255
	14,569	9,066

13. TRADE AND BILLS PAYABLES

	30 June 2024 (Unaudited) ***RMB'000***	31 December 2023 (Audited) *RMB'000*
Trade payables	**2,884,969**	2,952,499
Bills payables *(note)*	**1,600,000**	1,450,000
	4,484,969	4,402,499

Note:

During the six months ended 30 June 2024 and 30 June 2023, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the bills to banks. The cash flows of such transactions have been presented in cash flow statement as financing activities.

13. TRADE AND BILLS PAYABLES (Continued)

The aging analysis of trade payables at the end of the reporting period, arising mainly from purchase of merchandise with credit terms ranging from 30 to 60 days (31 December 2023: 30 to 60 days), is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
	RMB'000	*RMB'000*
0-30 days	**882,106**	957,899
31-60 days	**561,408**	623,032
61-90 days	**322,565**	349,075
Over 90 days	**1,118,890**	1,022,493
	2,884,969	2,952,499

The aging is determined from the date on which the control of the goods or services is transferred to the Group till the end of the reporting period.

The following is an aging analysis of bills payables presented based on issue dates at the end of each reporting period:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
	RMB'000	*RMB'000*
0-180 days	**1,600,000**	1,350,000
Over 180 days	**–**	100,000
	1,600,000	1,450,000

The following is an aged analysis of bills payables presented based on maturity date at the end of each reporting period:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
	RMB'000	*RMB'000*
0-180 days	**1,600,000**	1,450,000

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

In the first half of 2024, the global economic situation was complex and volatile. Although there were signs of recovery, growth momentum was still weak and faced multiple challenges. Global economic growth was, to a notable extent, adversely affected by a combination of factors, including the persistence of a high interest rate environment, the increased burden of huge debts, the escalation of geopolitical conflicts, and the weak international trade environment. In contrast, China's economy demonstrated greater resilience and stability, with overall economic performance remaining stable, development of new growth engines accelerating, demands continuing to recover, employment and prices remaining generally stable, and incomes of residents continuing to rise. According to the National Bureau of Statistics of the PRC, in the first half of 2024, China's Consumer Price Index (CPI) showed an overall stable trend, with a year-on-year increase of 0.1%, among which food prices decreased by 2.7% year on year and service prices increased by 0.9% year on year. Among the components of food prices, the price of pork remained flat year on year, while the prices of fresh fruits, fresh vegetables, beef and mutton, eggs and poultry decreased between 2.0% and 9.9% year on year, and only the prices of aquatic products and foodstuffs increased by 0.6% and 0.5% year on year, respectively.

In the first half of 2024, China's total retail sales of consumer goods increased by 3.7% year on year, of which restaurant revenue grew significantly by 7.9%, while retail sales of goods lagged behind with a year-on-year growth of merely 3.2%. Analysis indicates that the uncertainties in the global and domestic economies have affected consumer expectations to a certain extent. Consumer spending tendency has revealed signs of prudence and rationality beneath the overall growth trend, and the desire of consumers to save money remains evident. Consumer behaviours have shown a rational characteristic of "always budgeting for expenses while pursuing quality", which has made cost-effective consumption the mainstream of domestic consumption.

From the perspective of the structure of the consumer goods industry, we saw a stable performance in the essential consumer goods, such as cereals, oils and foodstuffs, beverages, tobacco and alcohol, which recorded a better year-on-year growth than the discretionary consumer goods, such as automobiles and household appliances, as residents were more inclined to satisfy their basic living needs in their consumption. Online consumption continued to maintain strong growth momentum, with online retail sales of physical goods up 8.8% year on year, among which goods for eating and for use grew by 17.8% and 7.8% respectively, to a certain extent replacing the retail share of the offline market. The overall recovery of offline retail was significantly weaker than that of online channels, and still needs to be further supported by internal and external conditions in order to make visible progress.

Financial Review

Revenue

During the period under review, the Group's revenue was approximately RMB10,897 million, representing a year-on-year decrease of approximately RMB875 million, or approximately 7.4%. The decrease was primarily attributable to the contraction of overall sales resulting from the Company's persistent strategic adjustment, taking a proactive approach to close certain loss-making outlets. In addition, the customer orders declined, and the overall sales remained relatively weak due to more rational and cautious spending and the reduction of stockpiling, which indicated that the offline shopping habit and consumer confidence were still in slow recovery.

Gross Profit

During the period under review, the Group's gross profit was approximately RMB1,252 million, representing a year-on-year decrease of approximately RMB235 million, or approximately 15.8%. During the period under review, the overall gross profit margin of the Group was approximately 11.49%, representing a decrease of approximately 1.14 percentage points as compared with the gross profit margin of 12.63% for the corresponding period of last year. The decrease was primarily attributable to the Group's stronger marketing efforts amid the intensified competition in the supermarket retail industry, to enhance the attractiveness of the brand and the brick-and-mortar outlets by lower prices. During the period under review, the Group adjusted the structure of business sectors in response to industry development trends and closed several hypermarkets, which resulted in lower contribution of the high-profit hypermarket segment to the total revenue.

Other Revenue

During the period under review, the Group's other revenue was approximately RMB902 million, representing a year-on-year decrease of approximately RMB138 million, or approximately 13.3%. Due to the decline in revenue, related income from suppliers decreased by approximately RMB127 million compared with the same period of last year.

Other Income and Other Gains and Losses

During the period under review, the Group's other income and other gains amounted to approximately RMB283 million, representing a year-on-year increase of approximately RMB26 million, or approximately 10.1%. During the period under review, net gain on termination of right-of-use assets and lease liabilities increased by approximately RMB27 million compared with the same period of last year.

Distribution and Selling Expenses

During the period under review, the Group's distribution and selling expenses amounted to RMB1,973 million, representing a year-on-year decrease of approximately RMB208 million, or approximately 9.5%. The Group continued to refine the comprehensive budget management and standardised control measures over the entire process of expenses in all business segments, and strengthened its line control efforts, resulting in a continuous decline in operation expenses. Distribution and selling expenses accounted for approximately 18.11% of revenue, representing a year-on-year decrease of approximately 0.42 percentage point.

Administrative Expenses

During the period under review, the Group's administrative expenses amounted to approximately RMB324 million, representing a year-on-year decrease of approximately RMB74 million, or approximately 18.5%. Administrative expenses accounted for approximately 2.97% of revenue, representing a year-on-year decrease of approximately 0.40 percentage point.

Other Expenses

During the period under review, the Group's other expenses amounted to approximately RMB16 million, representing a year-on-year increase of approximately RMB14 million, which was mainly due to the increase in losses caused by closedown of certain outlets.

Share of Results of Associates

During the period under review, the Group's share of profits of associates amounted to approximately RMB3 million, indicating a year-on-year contraction of losses of approximately RMB79 million. Shanghai Carhua Supermarket Co., Ltd. ("**Shanghai Carhua**"), an associate of the Group, recorded losses in the corresponding period of last year, and the Group recognised its share of losses of Shanghai Carhua under the equity method in profit or loss for the corresponding period of last year, being approximately RMB79 million.

Profit before Tax

During the period under review, the Group's profit before tax amounted to approximately RMB18 million, indicating a year-on-year expansion of profit of approximately RMB8 million.

Income Tax Expense

During the period under review, the Group's income tax expense was approximately RMB45 million, representing a year-on-year decrease of approximately RMB35 million.

Loss Attributable to Owners of the Company

During the period under review, the Group's loss attributable to owners of the Company amounted to approximately RMB55 million, indicating a year-on-year loss contraction of approximately RMB62 million. During the period under review, the net loss rate was approximately 0.50%, representing a year-on-year loss contraction of 0.49 percentage point. Based on the 1,119.6 million shares issued by the Group, the basic loss per share was approximately RMB0.05.

Liquidity and Financial Resources

As at 30 June 2024, the Group's cash and balance at the bank amounted to approximately RMB7,392 million. During the period under review, the net decrease of the Group's cash and balance at the bank amounted to approximately RMB264 million.

For the year ended 30 June 2024, the trade payable turnover period of the Group was approximately 59 days, and the inventory turnover period was approximately 43 days.

During the period under review, the Group did not use any financial instrument for hedging purposes. As at 30 June 2024, there were no arbitrage financial instruments in issue by the Group.

Gearing Ratio

As at 30 June 2024, the gearing ratio of the Group (the gearing ratio is calculated by dividing total interest-bearing liabilities by total equity) was 0.0% (31 December 2023: 0.0%).

Growth of Each Retail Business

Hypermarkets

During the period under review, the revenue of the hypermarket segment amounted to approximately RMB4,724 million, representing a year-on-year decrease of approximately RMB527 million, or 10.0%, and accounting for approximately 43.4% of the Group's revenue. During the period under review, the Company's hypermarket segment anchored the "small-scale and community-based" transformation strategy, and certain outlets closed due to the expiration of the leases, resulting in a year-on-year decrease in revenue.

During the period under review, the hypermarket segment recorded a gross profit of approximately RMB598 million, representing a year-on-year decrease of approximately RMB135 million. Gross profit margin decreased by 1.30 percentage points year on year to 12.66%. Competition in the supermarket retail industry has been intensifying and the Company has continued to increase its marketing and promotional efforts led to a decrease in gross profit. During the period under review, the hypermarket segment recorded a consolidated income* of approximately RMB1,277 million, representing a year-on-year decrease of approximately RMB246 million, and the consolidated income margin decreased by 1.97 percentage points year on year.

* Consolidated income represented total of gross profit, other revenue, other income and other gains and losses.

During the period under review, the aggregate of distribution and selling expenses and administrative expenses of the hypermarket segment amounted to approximately RMB1,109 million, representing a year-on-year decrease of approximately RMB210 million. The rationalization of certain loss-making outlets and the standardized of the entire process helped to effectively reduce operating expenses. The hypermarket segment recorded an operating profit of approximately RMB94 million, representing a year-on-year decrease in profit of approximately RMB28 million. Operating profit margin decreased by 0.34 percentage point year on year to 1.99%.

As at 30 June	**2024**	2023
Gross Profit Margin (%)	**12.66**	13.96
Consolidated Income Margin (%)	**27.03**	29.00
Operating Profit Margin (%)	**1.99**	2.33

Supermarkets

During the period under review, the supermarket segment recorded a revenue of approximately RMB5,372 million, representing a decrease of approximately RMB278 million or approximately 4.9% year on year, and accounting for approximately 49.3% of the Group's revenue. During the period under review, the supermarket segment targeted fresh produce supermarkets in selected communities, and strived to increase customer loyalty by focusing on community services and enriching marketing activities in line with consumer needs.

During the period under review, the supermarket segment recorded a gross profit of approximately RMB560 million, representing a year-on-year decrease of approximately RMB99 million or 15.1%. During the period under review, the efforts made in marketing and promotion activities were increased in the supermarket segment, and the gross profit margin decreased by 1.24 percentage points year on year to 10.42%. During the period under review, the supermarket segment recorded a consolidated income of approximately RMB1,027 million, representing a decrease of approximately RMB82 million year on year. The consolidated income margin decreased by 0.52 percentage point year on year.

During the period under review, the supermarket segment recorded an operating profit of approximately RMB30 million, representing a decrease of approximately RMB35 million year on year. The operating profit margin decreased by 0.60 percentage point to 0.55%.

As at 30 June	**2024**	2023
Gross Profit Margin (%)	**10.42**	11.66
Consolidated Income Margin (%)	**19.11**	19.63
Operating Profit Margin (%)	**0.55**	1.15

Convenience stores

During the period under review, the convenience store segment recorded a revenue of approximately RMB765 million, representing a decrease of approximately RMB58 million or approximately 7.1% year on year, and accounting for approximately 7.0% of the Group's revenue. The closure of certain outlets due to the expiration of the leases resulted in a year-on-year decrease in revenue.

During the period under review, the convenience store segment recorded a gross profit of approximately RMB82 million, representing a decrease of approximately RMB3 million. The gross profit margin increased by 0.40 percentage point to 10.66%. The convenience store segment recorded a consolidated income of approximately RMB105 million, representing a year-on-year decrease of approximately RMB15 million, and the consolidated income margin decreased by 0.88 percentage point year on year to 13.71%.

During the period under review, the operating loss of the convenience store segment was approximately RMB18 million, representing a year-on-year increase in losses of approximately RMB13 million from the same period of last year, and the operating loss margin increased by 1.76 percentage points to -2.41%.

As at 30 June	**2024**	2023
Gross Profit Margin (%)	**10.66**	10.26
Consolidated Income Margin (%)	**13.71**	14.59
Operating Loss Margin (%)	**(2.41)**	(0.65)

Financial Performance Analysis

	For the six months ended 30 June RMB million		
	2024	2023	Year-over-year Change *(%)*
Revenue	**10,897**	11,772	–7.4%
Gross Profit	**1,252**	1,487	–15.8%
Consolidated Income	**2,437**	2,785	–12.5%
Operating Profit	**14**	85	–83.2%
Income Tax Expense	**45**	80	–43.4%
Loss Attributable to Owners of the Company	**–55**	–116	–52.9%
Basic Loss per Share *(RMB cents)*	**–4.9**	–10.4	–52.9%
Dividends per Share *(RMB)*	**Nil**	Nil	N/A

Capital Structure

As at 30 June 2024, the Group's cash and cash equivalents were mainly held in Renminbi. The Group had no other bank borrowings.

During the period under review, the equity attributable to owners of the Company decreased from approximately RMB72 million to approximately RMB17 million, which was primarily due to the loss attributable to owners of the Company of approximately RMB55 million recorded in the period.

Details of the Group's Pledged Assets

As at 30 June 2024, the Group did not pledge any assets.

Foreign Exchange Risks

Most of the incomes and expenditures of the Group are denominated in Renminbi. During the period under review, the Group did not experience any material difficulties or negative effects on its operations or liquidity as a result of fluctuation in exchange rates. The Group neither entered into any agreements nor purchased any financial instruments to hedge its foreign exchange risk. The directors of the Company (the "**Directors**") believe that the Group is able to meet its foreign exchange demands.

Share Capital

As at 30 June 2024, the issued share capital of the Company was as follows:

Class of Shares Issued	**Number of Shares**	**Percentage**
Domestic Shares	715,397,400	63.90
Unlisted Foreign Shares	31,602,600	2.82
H Shares	372,600,000	33.28
Total	1,119,600,000	100.00

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

Driving Forces of Transformation and "Quality" Improvement

During the period under review, the Group focused on core areas and, with transformation and quality improvement as the driving forces, accelerated the pace of transformation and upgrading of its three major business segments: the hypermarket segment gradually transformed into a small-scale and community-based business model; the supermarket segment adopted a more refined mode of operation; the convenience store segment continued to maintain a stable scale of operation, with its franchise business developing in the direction of intensification. In the first half of 2024, the Group, on the one hand, made steady progress in opening new stores. Specifically, we opened a total of 123 new stores, including 41 directly-operated stores and 82 new franchised stores. A total of 79 of the new stores were located in the Yangtze River Delta region, accounting for 64% of the new stores. On the other hand, the Group adapted to changes in the market environment, and improved the quality of the physical outlets as a whole through systematic store streamlining. As a result, 136 stores were closed, of which 45 were directly-operated stores and 91 were franchised stores.

During the period under review, the hypermarket segment of the Group anchored on the "small-scale and community-based" transformation strategy, and advanced the upgrading of its overall categories, the refinement of core products and the enhancement of shopping experience around the optimisation of fresh and ambient commodities, with the aim of providing a better quality and more convenient shopping experience to consumers. In regard to the "small-scale" strategy, the Group has endeavoured to build small and exquisite supermarkets with a full range of products and a sense of daily life; and as for the "community-based" strategy, the Group has focused on the development of community neighbourhood stores, which provide community ancillary services and services for the elderly to meet the needs of residents in their daily life.

During the period under review, the supermarket segment of the Group focused on the implementation of the refined operation strategy. Based on the foundation of basic goods related to people's livelihoods, the segment improved the functions of the community-based fresh produce category and focused on the promotion of proprietary seasonal fresh produce to increase sales. On the one hand, we have vigorously carried out thematic and scenario-based marketing, which integrates the needs of consumers with the shopping scenarios, in order to introduce and convey the concept of quality life. On the other hand, we have creatively established the first curatorial shop of the supermarket segment, which not only incorporates cutting-edge culture and brand hotspots, but also meets the basic catering needs of community residents with selected offerings, so as to create a "circle of happiness" for a better life.

During the period under review, the franchise business of the Group focused on the development strategy of intensification by concentrating resources and accelerating the expansion of shops, and continued to push forward the iterative upgrading of the closely-franchised model. In respect of the expansion of the outlet network: we actively explored and cultivated potential franchise partners in the outlying districts of Shanghai to fill the market gaps, and increased our placement efforts at the provincial and municipal levels; while in Shanghai, we iterated the closely-franchised model by actively exploring the profitability model of "Supermarket + Lianhua Stores", and attracted more franchisees to join Lianhua for common development through the "Franchisee Talks" programme.

During the period under review, the Group continued its exploration and innovation efforts. We took the initiative in stepping up the placement of outlets in order to fill up vacant areas, while actively restructuring and innovating the existing business segments. As at 30 June 2024, the Group had a total of 3,343 stores, with approximately 84% of them located in Eastern China.

	Hypermarkets	**Supermarkets**	**Convenience Stores**	**Total**
Direct operation	121	837	328	1,286
Franchise operation	–	1,563	494	2,057
Total	121	2,400	822	3,343

Note: Data as at 30 June 2024.

Enhanced Product "Profitability"

During the period under review, the Group placed significant emphasis on developing cornerstone products, accelerating supply chain integration, and enhancing the self-operating capability in fresh produce. Specific measures included the establishment of a joint procurement trading plan between Shanghai and Zhejiang, the creation of value-for-money and cost-effective "joint procurement of 100 proprietary products"; the launch of a top 100 bestselling proprietary products project, the introduction of 100 exclusive products at low prices for promotion throughout the year to bolster the market competitiveness of our proprietary brand; and the implementation of a Joint Business Planning (JBP) mechanism for reasonable inventory distribution and regional coordination, aimed at improving economies of scale and reducing procurement costs. Additionally, we focused on "direct sourcing", "self-operated chilled meat", and "core fresh categories", further strengthening our self-operating capability in fresh produce and increasing foot traffic to our stores.

Positioning for "Value-Added" Services

During the period under review, the Group keenly recognised the immense potential of the healthcare and elderly care market and proactively initiated the strategic layout for the "silver economy." We are dedicated to establishing the "Touch-Care" service brand, embedding the service philosophy of "A Good Life in the Community, Lianhua Cares" into every aspect of our daily operations and development. By integrating key supplier resources and selecting value-for-money products, we aim to create an integrated, one-stop service scenario for the community and our stores to offer comprehensive elderly care services. This allows elderly consumers to enjoy convenience of shopping while experiencing more thoughtful and comfortable services, enabling them to better share in the benefits of social development and enjoy fulfilling and happy declining years.

Boosted Marketing "Effectiveness"

During the period under review, the Group closely aligned its marketing efforts with themes such as the Chinese New Year (CNY), the "May 5th Shopping Carnival"(五五購物節), and our 33rd anniversary. We adopted a strategy that combines targeted and broad approaches to build and continuously optimise our marketing system to meet consumer demands. By iterating our marketing model, we successfully launched a membership campaign titled "Few Points for Big Discounts", fostering brand loyalty among consumers and enhancing brand influence. We created special columns focusing on seasonal knowledge, festive themes, and trending topics to promote seasonal fresh produce, popular ambient products, and our proprietary brand, effectively attracting consumers. Through collaboration with external partners, we enhanced our community membership operations, expanded brand reach, and increased the value and output in private sector. Furthermore, we established a marketing matrix for online sales, increasing sales and traffic through multi-platform live events, achieving comprehensive coverage of "Lianhua Selected" products.

Logistics "Rates" Reduction and Efficiency Improvement

During the period under review, the Group further optimised logistics processes to enhance efficiency, aiming to effectively reduce operation costs and improve profitability. We streamlined the business processes of warehouse operations, optimised information configurations, and reduced intermediary steps to achieve efficiency improvement and cost reductions. We developed standard operating procedures (SOPs) for the entire supply chain, from goods entering the warehouse to acceptance at terminal stores, to minimise losses of cold chain products during transportation and storage, thereby effectively improving efficiency for cold chain logistics. Meanwhile, we leveraged digital technologies to precisely optimise supply chain management, enhancing flexibility and responsiveness, while implementing energy-saving and emission-reduction measures to lower energy consumption and further reduce operation costs.

"Digital" Transformation and Innovation

During the period under review, the Group launched a comprehensive digitalisation project aimed at creating a digital system tailored to our characteristics, focused on enhancing both online and offline consumer experiences, and supported by the "iBailian" platform. This system will primarily be applied in our front-end stores. To date, four major digital projects, namely product digitisation, internal supply chain optimisation, business and financial integration, and logistics system integration, have completed initial pilot and were put into operation. As business regulations become increasingly robust, logistics costs are expected to decrease further, and operation efficiency will be effectively enhanced.

Organizational Enhancement (Employment, Training and Development)

As at 30 June 2024, the Group had a total of 23,415 employees. The total labor costs amounted to approximately RMB974,990 thousand.

During the period under review, the Group further consolidated and streamlined its organizational structure with a view to enhancing operational efficiency and optimizing labor costs. At the head office level, we reduced costs by sorting out the boundaries of responsibilities and continuously optimizing the staff establishment to reduce inefficiencies and redundancies. At the store level, we continued to promote the optimization of the employment model and continuously increased the percentage of flexible workers to achieve the objectives of improving manpower efficiency and lowering the labor rates in retail end stores.

During the period under review, the Group introduced more, newer and more targeted incentives and assessment means in the frontline stores while further enhancing the contract-based management for core teams and core positions. We deepened the implementation of the multi-modal iterative operation of the partnership mechanism and further expanded the scope of the partnership to strengthen our ability to open up new sources of income and cut down on expenses. we also tried out a new management mode known as store consignment, which will help us improve the operating performance of store through the separation of ownership and operation rights. We also optimized the compensation assessment and incentive system for our staff in store, aiming to enhance the income of our frontline staff.

During the period under review, the Group increased its investment in talent acquisition and cultivation and carried out coordinated planning at the strategic level. By establishing and promoting a platform for the exchange and sharing of talent recruitment information, we gradually achieved a balanced allocation of surplus human resources to meet the shortfall among its subordinate enterprises. The Group insisted on the recruitment of a large number of management trainees for stores and headquarters, which has laid a solid foundation for the back-up of core positions at our headquarters and frontline stores. Through the establishment of the whole-chain mechanism with a full range of assessment and selection of young talents, in-depth training and experience, post rotation, as well as the preferential appointment, we prepared sufficient talents for the long-term development of the Group.

Strategy and Planning

In the second half of 2024, China's economic policy will continue to place a strong emphasis on the expansion of domestic demand and the boost of consumption, and will adopt more proactive corresponding strategies and measures to improve the long-term mechanism for expanding consumption, increase the income of residents and promote service consumption as the focus of consumption expansion and upgrade, with a view to promoting stable economic growth through boosting domestic consumption. This is an important and positive signal for the retail industry, signifying that the industry is expected to embrace new development opportunities. The Group will proactively respond to the policy orientation, seize the opportunity and leverage on the issuance of domestic shares to Bailian Group to inject strong capital impetus for the transformation of the Company's business ecosystem and day-to-day operations, so as to capitalize on the new industry opportunities and explore new growth points with innovative business strategies and excellent service quality, thereby significantly enhancing the Company's profitability potential and market competitiveness.

In the second half of 2024, the Group will further deepen its overall business reform, focus on the enhancement of its core competencies, and minimize its financial cost burden in order to promote the development and transformation of its business models through changes and innovations at the business level, and to build a sustainable development landscape with stable growth by strengthening its construction of organization and digitalization capabilities. Regarding the specific measures, the Group will focus on deepening the expansion of its business segments and pipelines, optimizing its supply chain and commodities as well as improving its omni-channel operation, so as to enhance its revenue-generating capacity on all fronts. At the same time, the Group will also improve the efficiency of logistics and delivery, promote the construction of digital systems and accelerate the training of organizational talents, with an aim to enhance the overall operational performance and promote the smooth implementation of the turnaround reform.

In the second half of 2024, the Group will focus on the development of its business segments and pipelines to accelerate the stereotypical process of the transformation of its business segments. The Group will strengthen the construction of the supply chain with the implementation of the "Double-Hundred" project, and create a low-price mindset as the starting point to enhance the market competitiveness and the brand image in the minds of consumers. The Group will realize the multi-channel traffic diversion and create popular talking points with the establishment of an online platform matrix and the creation of offline marketing trends as the breakthrough point. And the Group will continue to push forward the adjustment and construction of the organizational systems to make business decisions fully decentralized by vigorously promoting organizational reforms so as to form an organizational structure of distinct functions, with the headquarters focusing on the strategy and the segments concentrating on the business.

In the second half of 2024, against the background of rapid changes in consumer demand and uncertainties in the market environment, the Group will closely focus on the core requirements of the reform and transformation strategy to stimulate the creativity and potential of its employees with the development concept of self-driven agility, and positively respond to the backdrop of this era full of challenges and opportunities, drawing up a new blueprint for high-quality development with the spirit of completely reinventing the steering wheel.

SUBSEQUENT EVENTS

From 1 July 2024 to the date of the announcement of interim results, there was no non-financial event that may cause material effects on the results of the Company.

OTHER INFORMATION

On 11 May 2024, the Company held the fifth meeting of the eighth session of the board of Directors of the Company (the "**Board**"), and reviewed and approved the relevant resolution on the issuance of domestic shares. On 12 May 2024, the Company entered into the Share Subscription Agreement with Bailian Group, pursuant to which, the Company has conditionally agreed to issue no more than 360,000,000 new domestic shares, and Bailian Group has conditionally agreed to subscribe for 360,000,000 new domestic shares in cash at the subscription price of RMB1.00 per new domestic shares, and these shares will be entrusted to Shanghai Bailian for management according to the equity entrustment agreement. For details, please refer to the announcement of the Company dated 12 May 2024 and the circular of the Company dated 31 July 2024.

On 27 August 2024, the above-mentioned issuance of domestic shares related matter were reviewed and approved by the extraordinary general meeting of shareholders of the Company. For details, please refer to the announcement of the Company dated 27 August 2024.

INTERIM DIVIDEND

The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, and has reviewed the unaudited condensed interim accounts for the six months ended 30 June 2024 of the Group. The Audit Committee has no disagreement with the accounting principles and practices adopted by the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS IN APPENDIX C3 TO THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE ("LISTING RULES")

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as code of conduct for securities transactions by all the Directors, supervisors and relevant employees of the Company. After specific enquiries to the Directors, supervisors and relevant employees of the Company, the Board is pleased to confirm that all the Directors, supervisors and relevant employees of the Company have fully complied with the provisions under the Model Code during the period under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IN APPENDIX C1 TO THE LISTING RULES

The Board is pleased to confirm that except for the matters as set out below, the Company has complied with all the code provisions in the "Corporate Governance Code" (the "**Code**") as set out in Part 2 of Appendix C1 to the Listing Rules during the period under review. Apart from the following deviations, none of the Directors is aware of any information that would reasonably indicate that the Company is not or was not for any time of the period under review in compliance with the Code. Details of the deviations are set out as follows:

Provision B.2.2 of the Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The articles of association of the Company (the "**Articles of Association**") provide that each director shall be appointed at the general meeting of the Company and for a term of not more than 3 years, and is eligible for re-election. Having taken into account the continuity of the implementation of the Company's operation and management policies, the Articles of Association contain no express provision for the mechanism of directors' retirement by rotation, thus deviating from the aforementioned provision of the Code.

For Provision C.1.6 of the Code in respect of the non-executive directors' regular attendance and active participation in Board meetings and attendance to general meetings:

Ms. Hu Xiao, a non-executive Director, Mr. Wong Tak Hung, a non-executive Director and Mr. Chen Wei, an independent non-executive Director, were unable to attend the fourth meeting of the eighth session of the Board convened on 27 March 2024 by the Company due to their other business commitments.

Ms. Zhang Shen-yu, a non-executive Director, Mr. Dong Xiao-chun, the then non-executive Director and Mr. Xia Da-wei, an independent non-executive Director, were unable to attend the fifth meeting of the eighth session of the Board convened on 11 May 2024 by the Company due to their other business commitments.

Ms. Zhang Shen-yu, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the sixth meeting of the eighth session of the Board convened on 20 June 2024 by the Company due to their other business commitments.

Ms. Hu Xiao, a non-executive Director, Ms. Zhang Shen-yu, a non-executive Director, Mr. Wong Tak Hung, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the 2023 annual general meeting of the Company convened on 20 June 2024 (the "**2023 AGM**") due to their other business commitments.

Ms. Hu Xiao, a non-executive Director, Ms. Zhang Shen-yu, a non-executive Director, Mr. Wong Tak Hung, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the 2024 Class Meeting of Holders of Domestic Shares and Unlisted Foreign Shares of the Company convened on 20 June 2024 (the "**2024 Class Meeting of Holders of Domestic Shares and Unlisted Foreign Shares**") due to their other business commitments.

Ms. Hu Xiao, a non-executive Director, Ms. Zhang Shen-yu, a non-executive Director, Mr. Wong Tak Hung, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the 2024 Class Meeting of Holders of H Shares of the Company convened on 20 June 2024 (the "**2024 Class Meeting of Holders of H Shares**") due to their other business commitments.

Ms. Hu Xiao, a non-executive Director, and Ms. Zhang Shen-yu, a non-executive Director, were unable to attend the extraordinary general meeting of the Company convened on 27 August 2024 (the "**EGM**") due to their other business commitments.

Ms. Hu Xiao, a non-executive Director, and Ms. Zhang Shen-yu, a non-executive Director, were unable to attend the seventh meeting of the eighth session of the Board convened on 29 August 2024 by the Company due to their other business commitments.

After receiving the relevant materials for the Board meetings, the above-mentioned Directors have authorized other Directors to attend the meetings and vote on their behalf. The relevant matters were considered at the Board meetings and all the resolutions were passed smoothly. The Company had sent the related minutes to all Directors of the Board after the Board meetings so any Director who was unable to attend the meeting was able to understand the resolutions passed at the meetings.

Moreover, the Company has provided the relevant materials and all necessary information relating to the 2023 AGM, 2024 Class Meeting of Holders of Domestic Shares and Unlisted Foreign Shares, 2024 Class Meeting of Holders of H Shares and EGM (collectively referred to as the "**2024 General Meetings**") to all members of the Board before the 2024 General Meetings. All ordinary resolutions and special resolutions considered at the 2024 General Meetings were passed smoothly. The Company sent the related minutes of the 2024 General Meetings to all members of the Board after the 2024 General Meetings so that the Directors who were unable to attend the meetings were able to understand the resolutions passed at the 2024 General Meetings.

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

Shanghai, PRC, 29 August 2024

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

Executive Directors:	Chong Xiao-bing and Zhang Hui-qin;
Non-executive Directors:	Pu Shao-hua, Hu Xiao, Zhang Shen-yu, Yang Qin and Wong Tak Hung;
Independent non-executive Directors:	Xia Da-wei, Lee Kwok Ming, Don, Chen Wei and Zhao Xin-sheng.