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(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 2025

FINANCIAL HIGHLIGHTS

As at 30 June 2025, the Group recorded the following:

- Revenue amounted to RMB9,591 million, representing a decrease of approximately 12.0% year on year. Same store sales decreased by approximately 8.20% year on year, in which the hypermarket segment decreased by approximately 9.85%, the supermarket segment decreased by approximately 6.16% and the convenience store segment decreased by approximately 11.67%.
- Gross profit amounted to approximately RMB1,140 million, representing a decrease of 8.9% year on year. Gross profit margin was approximately 11.89%, representing an increase of approximately 0.40 percentage point year on year. Consolidated income margin was approximately 22.84%.
- Operating profit amounted to approximately RMB81 million, representing an increase of 466.6% year on year, and operating profit margin was 0.84%, representing an increase of approximately 0.71 percentage point year on year. Profit attributable to owners of the Company amounted to approximately RMB42 million, representing an increase in profit of approximately RMB97 million year on year. Basic earnings per share amounted to RMB0.03.
- The total number of outlets reached 3,091. During the period under review, the Group opened 95 new outlets, including 0 hypermarket, 83 supermarkets (comprising 21 directly-operated stores and 62 franchised stores) and 12 convenience stores (including 5 directly-operated stores and 7 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 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>NOTES</i>	RMB'000	RMB'000
Revenue	3	9,591,172	10,896,547
Cost of sales		<u>(8,451,077)</u>	<u>(9,644,651)</u>
Gross profit		1,140,095	1,251,896
Other revenue	3	639,751	902,425
Other income and other gains and losses	5	410,898	282,829
Distribution and selling expenses		(1,696,579)	(1,973,101)
Administrative expenses		(311,328)	(324,077)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		250	(3,040)
Other expenses	6	(13,242)	(15,999)
Share of results of associates		3,169	3,244
Finance costs	7	<u>(88,948)</u>	<u>(106,655)</u>
Profit before tax	8	84,066	17,522
Income tax expense	9	<u>(24,359)</u>	<u>(45,372)</u>
Profit (loss) and total comprehensive income (expense) for the period		<u>59,707</u>	<u>(27,850)</u>
Profit (loss) and total comprehensive income (expense) for the period attribute to:			
Owners of the Company		42,246	(54,809)
Non-controlling interests		<u>17,461</u>	<u>26,959</u>
		<u>59,707</u>	<u>(27,850)</u>
Earnings (loss) per share – basic (<i>RMB cents</i>)	11	<u>3.1</u>	<u>(4.9)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	NOTES		
Non-current assets			
Property, plant and equipment		2,838,353	2,954,612
Construction in progress		4,005	9,199
Right-of-use assets		3,960,942	4,363,238
Goodwill		143,214	144,175
Intangible assets		121,971	115,363
Interests in associates		240,641	237,525
Financial assets at fair value through profit or loss (“FVTPL”)		74,885	67,565
Finance lease receivables-non-current		32,837	42,953
Term deposits		2,724,622	3,214,024
Deferred tax assets		79,377	83,028
Other non-current assets		49,204	150,701
		10,270,051	11,382,383
Current assets			
Inventories		1,605,362	1,879,688
Finance lease receivables-current		32,148	33,771
Prepaid rental		–	4,157
Trade and bills receivables	12	260,864	262,893
Deposits, prepayments and other receivables		665,231	735,843
Financial assets at FVTPL		1,287,591	1,333,454
Amount due from an ultimate holding company		8	8
Amounts due from fellow subsidiaries		36,099	48,118
Amount due from an associate		634	581
Term deposits		2,530,058	2,005,933
Restricted bank balances		22,456	16,356
Cash and cash equivalents		870,425	1,602,613
		7,310,876	7,923,415
Assets classified as held for sale		–	356,572
		7,310,876	8,279,987
Total assets		17,580,927	19,662,370

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	<i>NOTES</i>		
Capital and reserves			
Share capital		1,479,600	1,119,600
Reserves		(1,367,268)	(1,406,239)
Equity attributable to owners of the Company		112,332	(286,639)
Non-controlling interests		365,817	354,570
Total equity		478,149	67,931
Non-current liabilities			
Deferred tax liabilities		118,171	161,006
Lease liabilities		3,267,479	3,698,516
		3,385,650	3,859,522
Current liabilities			
Trade and bills payables	13	3,275,941	3,870,893
Tax payable		136,357	108,714
Other payables and accruals		1,271,443	1,718,446
Lease liabilities		694,665	628,976
Coupon liabilities and advance from customers		8,218,931	8,730,204
Amount due to an ultimate holding company		42,777	61,545
Amounts due to fellow subsidiaries		76,370	195,673
Amounts due to associates		644	746
		13,717,128	15,315,197
Liabilities associated with assets classified as held for sale		–	419,720
		13,717,128	15,734,917
Total liabilities		17,102,778	19,594,439
Total equity and liabilities		17,580,927	19,662,370

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 2025, the Group has net current liabilities of RMB6,406,252,000 (31 December 2024: RMB7,454,930,000). Taking into account of the Group’s ability to withdraw the non-current unrestricted term deposits of RMB2,520,100,000 (31 December 2024: RMB1,690,000,000), the historical settlement and addition pattern of the coupon liabilities (disclosed under coupon liabilities and advance from customers), 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 HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of amendments to a HKFRS Accounting Standard 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	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sales of merchandise	<u>9,591,172</u>	<u>10,896,547</u>
Services		
Income from suppliers (service income)	440,798	657,273
Franchising income from franchised stores	17,761	18,829
Commission income on coupon redemption at other retail shops	<u>4,644</u>	<u>659</u>
	<u>463,203</u>	<u>676,761</u>
	<u>10,054,375</u>	<u>11,573,308</u>

Timing of revenue recognition

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At a point in time	9,595,816	10,897,206
Over time	<u>458,559</u>	<u>676,102</u>
	<u>10,054,375</u>	<u>11,573,308</u>

3. REVENUE AND OTHER REVENUE (Continued)

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

Timing of revenue recognition (Continued)

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	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
– sales of merchandise	<u>9,591,172</u>	<u>10,896,547</u>
Other revenue from contracts with customers – services	463,203	676,761
Rental income from leasing of shop premises	<u>176,548</u>	<u>225,664</u>
	<u>639,751</u>	<u>902,425</u>
Total revenue and other revenue	<u><u>10,230,923</u></u>	<u><u>11,798,972</u></u>

(ii) Leases

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
For operating leases:		
Fixed lease payments	<u>174,438</u>	<u>222,082</u>
For finance leases:		
Finance income on the net investment in the lease	<u>2,110</u>	<u>3,582</u>
Total revenue arising from leases	<u><u>176,548</u></u>	<u><u>225,664</u></u>

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	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Hypermarkets	4,116,687	5,220,509	1,830	94,228
Supermarkets	5,363,098	5,756,369	9,979	29,776
Convenience stores	704,771	785,340	(9,585)	(18,432)
Other operations	46,367	36,754	8,251	1,277
	10,230,923	11,798,972	10,475	106,849

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	10,475	106,849
Share of results of associates	3,169	3,244
Gain on disposal of 3 Target Companies (as defined in Note 39 in the annual report of 2024)	187,126	—
Unallocated interest income	7,526	16,491
Unallocated gain (loss) on change in fair value of financial assets at FVTPL	7,329	(4,892)
Unallocated expenses	(131,559)	(104,170)
Profit before tax	84,066	17,522

4. SEGMENT INFORMATION (Continued)

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, gain on disposal of 3 Target Companies, 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	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest income on bank balances and term deposits	84,730	122,218
Government grants (<i>note i</i>)	21,905	14,618
Gain on disposal of 3 Target Companies	187,126	—
Gain on change in fair value of financial assets at FVTPL	34,631	14,783
Dividends from financial assets at FVTPL	10	10
Net gain on termination of right-of-use assets and lease liabilities	43,643	50,917
Salvage sales	5,180	6,827
Income from breakage (<i>note ii</i>)	11,356	7,331
Coupon charges	3,100	5,057
Penalty income	5,879	48,841
Membership income	454	2,280
Others	12,884	9,947
	<u>410,898</u>	<u>282,829</u>

5. OTHER INCOME AND OTHER GAINS AND LOSSES (Continued)

Notes:

- (i) The Group received unconditional grants of RMB21,905,000 (30 June 2024: RMB14,618,000) 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	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	609	7,203
Store closure expenses	11,325	5,077
Penalty expense	40	3,087
Others	1,268	632
	<u>13,242</u>	<u>15,999</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest expense on lease liabilities	81,627	94,010
Expense on discounting of bill receivables	7,321	12,645
	<u>88,948</u>	<u>106,655</u>

8. PROFIT BEFORE TAX

Profit before tax has been arrived at:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Profit before tax has been arrived at after charging (crediting):</i>		
Amortisation and depreciation		
Amortisation of intangible assets	12,408	17,104
Depreciation of property, plant and equipment	156,242	172,475
Depreciation of right-of-use assets	393,957	441,460
	<hr/>	<hr/>
Total amortisation and depreciation	562,607	631,039
	<hr/>	<hr/>
Cost of inventories recognised as an expense	8,451,077	9,646,212
Impairment losses under ECL model, net of reversal	(250)	3,040
Staff costs	867,039	974,992
	<hr/>	<hr/>
Reversals of write down of inventories	–	(1,561)
Share of results of associates		
Share of results before tax	(4,247)	(4,155)
Share of income tax expense	1,078	911
	<hr/>	<hr/>
	(3,169)	(3,244)
	<hr/>	<hr/>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax on the PRC Enterprise Income Tax (“EIT”)	62,748	44,086
Under (over) provision in prior years	795	(227)
Deferred tax (credit) expense	(39,184)	1,513
	<u>24,359</u>	<u>45,372</u>

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. EARNINGS (LOSS) PER SHARE – BASIC

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Earnings (loss)</i>		
Earnings (loss) for the period attributable to owners of the Company	<u>42,246</u>	<u>(54,809)</u>

11. EARNINGS (LOSS) PER SHARE – BASIC (Continued)

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>1,370,208,000</u>	<u>1,119,600,000</u>

No diluted earnings (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	31 December
	2025	2024
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Trade receivables – contracts with customers	268,833	270,006
Bills receivables	–	1,900
Less: allowance for credit losses	<u>(7,969)</u>	<u>(9,013)</u>
	<u>260,864</u>	<u>262,893</u>

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 2024: 30 to 60 days), presented as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-30 days	259,070	250,710
31-60 days	40	–
61-90 days	23	1,189
Over 90 days	1,731	9,094
	<u>260,864</u>	<u>260,993</u>

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 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	<u>–</u>	<u>1,900</u>

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 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	<u>–</u>	<u>1,900</u>

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 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
1-30 days past due	23	1,189
More than 30 days past due	1,731	9,094
	<u>1,754</u>	<u>10,283</u>

13. TRADE AND BILLS PAYABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade payables	2,200,063	2,765,969
Bills payables (<i>note</i>)	1,075,878	1,104,924
	<u>3,275,941</u>	<u>3,870,893</u>

Note:

During the six months ended 30 June 2025 and 30 June 2024, 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 2024: 30 to 60 days), is as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-30 days	728,456	769,929
31-60 days	409,152	540,407
61-90 days	255,993	381,477
Over 90 days	806,462	1,074,156
	<u>2,200,063</u>	<u>2,765,969</u>

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 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	<u>1,075,878</u>	<u>1,104,924</u>

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	<u>1,075,878</u>	<u>1,104,924</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

In the first half of 2025, global economic uncertainties intensified, with the “reciprocal tariff” policy implemented by the U.S. government exerting further pressure on the international trade landscape. In the face of a complex and volatile international environment, China’s economy demonstrated robust resilience and sustainability in its growth process. Driven by the continued release of the combined effects of macroeconomic policies, the national economy remained stable, while the overall domestic consumer market showed steady prices and a moderate pace of recovery. According to the National Bureau of Statistics of the PRC, in the first half of 2025, the national consumer price index (CPI) marginally decreased by 0.1% year on year, with prices remaining basically stable. The total retail sales of consumer goods reached RMB24.5 trillion, representing a year-on-year increase of 5.0%, of which sales of essential goods such as grains, oils and foodstuffs recorded a year-on-year increase of 9.1%. With the intensive implementation of domestic demand expansion policies by the Chinese government, the importance of domestic consumption’s internal circulation became more prominent, effectively boosting both consumer confidence and spending power. Meanwhile, the recovery of the consumer market showed signs of regional divergence. In Beijing, total retail sales of consumer goods declined by 3.8% year on year in the first half of the year due to insufficient demand and intensified competition, while the Yangtze River Delta region showed a marked recovery trend, with Shanghai’s total retail sales of consumer goods increasing by 1.7% year on year, thereby propelling the regional consumption rebound.

At present, China’s consumption structure is undergoing a profound transformation, characterised by a clear emphasis on both rational consumption and experiential value. Against the backdrop of moderating income growth expectations, rational consumption concepts have become deeply embedded, with consumers placing greater focus on the practical value and functionality of products, making quality-price ratio a core factor in shopping. Meanwhile, emotional value and consumption experience are playing an increasingly important role in enhancing customer recognition and repurchase rates, with high-experience activities such as IP marketing gaining popularity among consumers. It is noteworthy that the influence of media continues to deepen. Short video platforms, represented by Tik Tok and WeChat Channels, leveraging the dual advantages of content recommendation and social interaction, have become important battlegrounds for product promotion, with their impact on shaping consumer preferences constantly intensifying.

In the face of the continued evolution of consumer demand and the increasingly intensified industry competition, traditional retailers, including the Group, are generally confronted with the pressing challenge of transforming and upgrading their operating models. To address this, it is essential to accurately capture shifts in consumer demand and to build a product portfolio that genuinely appeals to consumers so as to stabilise customer traffic. At the same time, it is necessary to deepen structural adjustments, pursue upgrades, reduce costs and improve efficiency, with a view to enhancing core competitiveness. Against this backdrop, the Group has focused its efforts on key areas including fresh food operations, capacity-enhancing transformation, merchandise management, marketing innovation, cost control, digital development, organisational optimisation, as well as safety and quality management, with the aim of realising its corporate vision of “increasing our customers’ loyalty to us” (讓消費者更喜愛我們).

Financial Review

Revenue

During the period under review, the Group’s revenue was approximately RMB9,591 million, representing a year-on-year decrease of approximately RMB1,305 million, or approximately 12.0%, which was mainly due to the continuous impact of evolving consumer demand and intensifying industry competition. In addition, adjustments to the Group’s overall strategic planning, including the disposal of equity interests in certain subsidiaries and the downsizing of unprofitable sales operations, led to a reduction in overall sales scale.

Gross Profit

During the period under review, the Group's gross profit was approximately RMB1,140 million, representing a year-on-year decrease of approximately RMB112 million, or by approximately 8.9%. During the period under review, the overall gross profit margin of the Group was approximately 11.89%, representing an increase of approximately 0.40 percentage point as compared with the gross profit margin of 11.49% for the corresponding period of last year, which was mainly due to the Group's optimisation of merchandise management. On one hand, the Group promoted the standardisation model for fresh produce to reduce waste and improve fresh produce gross margin; on the other hand, it focused on developing differentiated products, strengthening key categories and increasing the proportion of proprietary brands, thereby enhancing merchandise profitability.

Other Revenue

During the period under review, the Group's other revenue was approximately RMB640 million, representing a year-on-year decrease of approximately RMB263 million, or approximately 29.1%. Due to the downsizing of sales operations, related income from suppliers decreased by approximately RMB216 million compared with the same period of last year. As the hypermarket segment implemented strategic adjustments towards a "small-scale and community-based" model, including optimising product mix, reducing operating area and scientifically planning functional zones, the Group's rental income from leasing of shop premises decreased by approximately RMB49 million year on year.

Other Income and Other Gains and Losses

During the period under review, the Group's other income and other gains amounted to approximately RMB411 million, representing a year-on-year increase of approximately RMB128 million, or approximately 45.3%, which was mainly attributable to the Group's overall strategic planning adjustments and the gains on the disposal of equity interests in certain subsidiaries.

Distribution and Selling Expenses

During the period under review, the Group's distribution and selling expenses amounted to RMB1,697 million, representing a year-on-year decrease of approximately RMB277 million, or approximately 14.0%, which was mainly attributable to the Group's adjustment of unprofitable outlets, continued strengthening of control over operation expenses, and optimisation of resource allocation.

Administrative Expenses

During the period under review, the Group's administrative expenses amounted to approximately RMB311 million, representing a year-on-year decrease of approximately RMB13 million, or approximately 3.9%.

Other Expenses

During the period under review, the Group's other expenses amounted to approximately RMB13 million, representing a year-on-year decrease of approximately RMB3 million.

Share of Results of Associates

During the period under review, the Group's share of results of associates amounted to approximately RMB3 million, remaining stable year on year.

Profit before Tax

During the period under review, the Group's profit before tax amounted to approximately RMB84 million, indicating a year-on-year expansion of profit of approximately RMB67 million.

Income Tax Expense

During the period under review, the Group's income tax expense was approximately RMB24 million, representing a year-on-year decrease of approximately RMB21 million.

Profit Attributable to Owners of the Company

During the period under review, the Group's profit attributable to owners of the Company amounted to approximately RMB42 million, representing a year-on-year increase in profit of approximately RMB97 million. During the period under review, the net profit rate was approximately 0.44%, representing a year-on-year increase of 0.94 percentage point. Based on the weighted average number of issued share capital of 1,370.2 million shares of the Group during the six months ended 30 June 2025, the basic earnings per share was approximately RMB0.03.

Liquidity and Financial Resources

As at 30 June 2025, the Group's cash and balance at the bank amounted to approximately RMB6,148 million.

For the six months ended 30 June 2025, the trade payable turnover period of the Group was approximately 57 days, and the inventory turnover period was approximately 40 days.

During the period under review, the Group did not use any financial instrument for hedging purposes. As at 30 June 2025, there were no arbitrage financial instruments in issue by the Group.

Gearing Ratio

As at 30 June 2025, the gearing ratio of the Group (the gearing ratio is calculated by dividing total interest-bearing liabilities which exclude lease liabilities by total equity) was 0.0% (31 December 2024: 0.0%).

Growth Status of Retail Business

Hypermarkets

During the period under review, the revenue of the hypermarket segment amounted to approximately RMB3,844 million, representing a year-on-year decrease of approximately RMB881 million, or approximately 18.6%, and accounting for approximately 40.1% of the Group's revenue.

During the period under review, the decrease in revenue was mainly attributable to the Group's overall strategic planning adjustments, disposal of equity interests in certain subsidiaries and downsizing of unprofitable sales operations, which led to a year-on-year decrease in revenue.

During the period under review, the hypermarket segment recorded a gross profit of approximately RMB537 million, representing a year-on-year decrease of approximately RMB61 million. Gross profit margin increased by 1.32 percentage points year on year to 13.98%. The Group increased its efforts in category adjustment and increased the proportion of its own brands, leading to an increase in gross profit margin. The hypermarket segment implemented strategic adjustments towards a “small-scale and community-based” model, which involved optimising product mix, reducing operating area and scientifically planning functional zones. As a result, the rental income from leasing of shop premises decreased by approximately RMB43 million year on year. During the period under review, the hypermarket segment recorded a consolidated income of approximately RMB943 million, representing a year-on-year decrease of approximately RMB334 million, and the consolidated income margin decreased by approximately 2.51 percentage points year on year to approximately 24.52%.

During the period under review, the aggregate of distribution and selling expenses and administrative expenses of the hypermarket segment amounted to approximately RMB874 million, representing a year-on-year decrease of approximately RMB235 million. The Group has been continuously focusing on cost reduction and efficiency improvement and adjusting the scale of loss-making outlets, which has contributed to the continuous reduction of expenses. The hypermarket segment recorded an operating profit of approximately RMB2 million, representing a year-on-year decrease in profit of approximately RMB92 million. Operating profit margin decreased by approximately 1.94 percentage points year on year to approximately 0.05%.

As at 30 June	2025	2024
Gross Profit Margin (%)	13.98	12.66
Consolidated Income Margin (%)	24.52	27.03
Operating Profit Margin (%)	0.05	1.99

Supermarkets

During the period under review, the supermarket segment recorded a revenue of approximately RMB5,017 million, representing a decrease of approximately RMB355 million or approximately 6.6% year on year, and accounting for approximately 52.3% of the Group's revenue. During the period under review, the supermarket segment focused on accurately targeting community needs as its core. Through the creation of differentiated scenarios and innovations in refined operation models, it comprehensively promoted efficiency improvement. On the other hand, the disposal of equity interests in certain subsidiaries and the downsizing of unprofitable sales operations led to a year-on-year decrease in revenue.

During the period under review, the supermarket segment recorded a gross profit of approximately RMB517 million, representing a year-on-year decrease of approximately RMB42 million or approximately 7.6%. The supermarket segment upgraded its stores as “community life service centers” with a focus on strengthening the supply of low-margin fresh produce and people's livelihood commodities, leading to a decrease in gross profit margin by approximately 0.11 percentage point year on year to approximately 10.31%. During the period under review, the supermarket segment recorded a consolidated income of approximately RMB932 million, representing a decrease of approximately RMB95 million year on year. The consolidated income margin decreased by approximately 0.54 percentage point year on year to approximately 18.57%.

During the period under review, the supermarket segment recorded an operating profit of approximately RMB10 million, representing a decrease of approximately RMB20 million year on year. The operating profit margin decreased by approximately 0.35 percentage point to approximately 0.20%.

As at 30 June	2025	2024
Gross Profit Margin (%)	10.31	10.42
Consolidated Income Margin (%)	18.57	19.11
Operating Profit Margin (%)	0.20	0.55

Convenience stores

During the period under review, the convenience store segment recorded a revenue of approximately RMB689 million, representing a decrease of approximately RMB76 million or approximately 9.9% year on year, and accounting for approximately 7.2% of the Group's revenue. The year-on-year decrease in revenue was due to the proactive closure of certain long-term loss-making stores based on the Group's overall strategic planning.

During the period under review, the convenience store segment recorded a gross profit of approximately RMB76 million, representing a decrease of approximately RMB6 million or approximately 7.0% year on year. The gross profit margin increased by approximately 0.34 percentage point to approximately 11.00%. The convenience store segment recorded a consolidated income of approximately RMB94 million, representing a year-on-year decrease of approximately RMB11 million, and the consolidated income margin decreased by approximately 0.11 percentage point year on year to approximately 13.60%.

During the period under review, the operating loss of the convenience store segment was approximately RMB10 million, representing a year-on-year decrease in loss of approximately RMB8 million from the same period of last year, and the operating profit margin increased by approximately 1.02 percentage points to approximately -1.39%.

As at 30 June	2025	2024
Gross Profit Margin (%)	11.00	10.66
Consolidated Income Margin (%)	13.60	13.71
Operating Profit Margin (%)	-1.39	-2.41

Analysis of Financial Results

	Six months ended 30 June		
	RMB in million		YoY Change
	2025	2024	(%)
Revenue	9,591	10,897	−12.0
Gross profit	1,140	1,252	−8.9
Consolidated income	2,191	2,437	−10.1
Operating profit	81	14	466.6
Income tax expense	24	45	−46.3
Profit (Loss) for the period attributable			
to owners of the Company	42	(55)	177.1
Basic earnings (loss) per share (RMB)	0.03	(0.05)	163.0
Dividend per share (RMB)	Not to	Not to	
	distribute	distribute	N/A

Capital Structure

As at 30 June 2025, 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 increased from approximately RMB-287 million to approximately RMB112 million, which was primarily due to the increase in share capital of RMB360 million during the period and profit attributable to owners of the Company of approximately RMB42 million.

Details of the Group's Pledged Assets

As at 30 June 2025, 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 2025, the issued share capital of the Company was as follows:

Class of Shares Issued	Number of Shares	Percentage
Domestic Shares	1,075,397,400	72.68
Unlisted Foreign Shares	31,602,600	2.14
H Shares	372,600,000	25.18
Total	<u>1,479,600,000</u>	<u>100.00</u>

Reference is made to the announcement of the Company dated 25 February 2025 in relation to, among other things, the completion of the connected transaction in relation to the proposed subscription of new domestic shares (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement. The Company has received the share registration certificate dated 24 February 2025 issued by China Securities Depository and Clearing Corporation Limited in respect of the new domestic shares issued under the Domestic Share Subscription, and 360,000,000 domestic Shares were duly allotted and issued by the Company to the Bailian Group at the subscription price of RMB1.00 (equivalent to approximately HK\$1.10051) per Share pursuant to the specific mandate sought from the Independent Shareholders at the EGM (the “**Subscription Shares**”). The Subscription Shares represent approximately 32.15% of the issued share capital of the Company immediately before completion of the Domestic Share Subscription and approximately 24.33% of the issued share capital of the Company immediately after completion of the Domestic Share Subscription. Completion of the Domestic Share Subscription took place on 25 February 2025 in accordance with the terms and conditions of the Share Subscription Agreement. Please refer to the announcements of the Company dated 12 May 2024 and 25 February 2025 and the circular of the Company dated 31 July 2024 for details.

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Promoting Transformation and Capacity Enhancement

During the period under review, the Group focused on the core area of the Yangtze River Delta and propelled the transformation and capacity enhancement of its main business segments through multi-dimensional adjustment measures to achieve business optimization and upgrading: the hypermarket segment gradually transformed into a “small-scale and community-based” business model; the supermarket segment adopted a more refined mode of operation; and the convenience store segment continued to maintain a stable scale of operation, with its franchise business developing in the direction of intensification. During the period under review, the Group, on the one hand, made steady progress in opening new stores. Specifically, we opened a total of 95 new stores, including 26 directly-operated stores and 69 franchised stores. A total of 66 of the new stores were located in the Yangtze River Delta region, accounting for 69.5% 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, 121 stores were closed, of which 21 were directly-operated stores and 100 were franchised stores.

During the period under review, the Group’s hypermarket segment launched a systematic reform regarding store development and transformation strategies. With “full-scenario coverage, experience upgrading and efficiency-driven” as its strategic core, it built up differentiated competitive advantages through business model integration and innovation, spatial function reconstruction and digital technology empowerment, accelerating the transformation and upgrading of traditional hypermarkets into “hubs for quality living”. Particularly, the Central Store in Shanghai pioneered “small-scale and community-based” strategic transformation and establish a benchmark. The Luban Store continued to advance deeper adjustments toward the same strategic goal. By reducing operating space, optimizing product mix and scientifically planning functional zoning, it strengthened its product offerings preferred by younger customers while meeting basic household consumption needs. It introduced community-convenience services and special modules for the silver economy, forming a community-based and quality shopping space that covered all age groups and was suitable for diverse consumption scenarios.

During the period under review, the Group’s supermarket segment focused on precisely targeting community needs, and advanced comprehensive efficiency improvements through the creation of differentiated scenarios and refined operational model innovation. In the layout of large community stores, we focused on strengthening the supply of fresh food and daily necessities, while also adding convenient services such as breakfast shops and Kantodaki style fast-food, upgrading stores into “community life service centers” to meet residents’ “one-stop” life needs; small community stores focused on high-frequency, essential goods, optimizing product mix through streamlining SKUs, effectively improving sales per square meter, and achieving operational breakthroughs in “small but refined” operations; and high-traffic outlets, located in transportation hubs or core business districts, focused on high-end leisure products, introducing internet-celebrity products and trendy categories, and accurately reaching young consumer groups and customer flows.

During the period under review, the Group continued to explore innovative development paths. On the one hand, we actively incubated the discount business segment in Zhejiang region and expanded into new business tracks. Currently, 13 outlets have been opened, covering multiple urban areas in Zhejiang Province, and the single-store model is constantly iterating and optimizing. On the other hand, we have been increasing the layout of outlets to fill the gaps in the market. As at 30 June 2025, the Group had a total of 3,091 stores, approximately 83.5% of which are located in East China.

	Hypermarkets	Supermarkets	Convenience Stores	Total
Directly-operated	98	840	288	1,226
Franchised	—	1,425	440	1,865
Total	<u>98</u>	<u>2,265</u>	<u>728</u>	<u>3,091</u>

Notes: 1. The above data is as at 30 June 2025.

2. Lianhua Supermarket (Jiangsu) Co., Ltd.* (聯華超市(江蘇)有限公司), Anhui Century Lianhua Development Co., Ltd.* (安徽世紀聯華發展有限公司) and Shanghai Century Lianhua Supermarket Hongkou Co., Ltd.* (上海世紀聯華超市虹口有限公司) are not subsidiaries of the Company since January 2025, and the total number of their stores (32) as of 30 June 2025 is not included in the above statistical scope.

Focusing on Acquiring Customers for Fresh Produce

During the period under review, the Group focused on acquiring customers for fresh produce. It implemented precise strategies in multiple dimensions to continuously strengthen direct sourcing from the source in supply chain management and establish a multi-origin backup mechanism to reduce supply risks and ensure a stable supply of fresh produce. At the same time, we further promoted regional resource integration to continuously improve the coverage and operational efficiency of the fresh produce supply chain, laying a solid foundation for attracting customers. At the product management level, we emphasized optimizing strategies. On the one hand, we promoted a special model of standardized fresh produce to meet consumers' demand for standardized products. On the other hand, we kept our eyes on weighted categories to create special products and attract consumers' attention through differentiated operations. Our marketing and promotion activities focused on enriching forms and expanding coverage. In physical stores, we focused on attracting customers through daily necessities, tailoring marketing strategies based on the characteristics of the business district where the stores were located and creating a strong shopping atmosphere through enhanced visual and volume displays. On the e-commerce platform, we actively expanded channels, focusing on creating popular weekend products, and leveraging integrated online and offline marketing to precisely reach fresh produce consumers. In addition, the Group has strengthened its on-site operations by integrating procurement and processing centers and building fresh produce distribution warehouses and store systems. While ensuring the quality and supply stability of fresh produce, the Group provided consumers with convenient purchasing channels and high-quality shopping experiences, thereby comprehensively improving the fresh produce customer acquisition rate.

Establishing Product Advantages

During the period under review, facing fierce competition in the retail market, the Group actively expanded into areas of product strength and adopted a multi-pronged approach to drive business development. In terms of cooperation, we deepened the JBP cooperation model, expanded the scale and level of cooperation with suppliers, and built a multi-level and multi-dimensional cooperation system with high-quality suppliers. We also deepened our strategic cooperation with leading brand suppliers to further optimize product structure and supply chain management, fully unleash the brands' sales potential, and achieve a dual increase in sales growth and market influence. In terms of product strategy, regional companies customized large single products according to local conditions, promoting the construction of core SKUs to enhance price competitiveness, and they strove to increase the proportion of private brands, expand sales channels, develop localized products, optimize brand structure, accurately optimize pricing, and increase operating income through flexible policies. On the supply chain side, we continued to increase the proportion of direct procurement and direct supply, promoting the standardization of products, ensuring product quality and supply stability, and we optimized the supplier management system, introduced high-quality resources, and improved overall operational efficiency, continuously consolidating and strengthening the Group's core product advantages.

Innovative Marketing Empowerment

During the period under review, the Group regarded innovative marketing empowerment as the key to breakthrough and took a multi-pronged approach to open up new retail landscape. For the supermarket segment, we carefully planned marketing activities on popular themes, focusing on creating three S-level period activities such as “CNY”, “Spring Outing Season” and “34th Anniversary Celebration”. By deepening the resource linkage with business segments, stores and key suppliers, we not only achieved a significant increase in brand awareness, but also achieved the dual growth goals of customer flow and sales. For the hypermarket segment, the “National Products V Trend (國貨V當潮)” campaign was used as an important tool to provide comprehensive marketing support, successfully igniting consumers’ enthusiasm for domestic products and building a solid bridge for high-quality domestic products to return to the market. During the period under review, the Group fully leveraged new media to enhance brand recognition and capitalized on the location advantages of its high-traffic outlets to create unique video account IP, skillfully integrating cultural, commercial and interactive elements to tell store stories from a novel and unique perspective, and continuously produce content with brand warmth. Such initiative quickly narrowed the distance with consumers and effectively stimulated the huge potential of the fan economy. While injecting new vitality into brand development, it also opened up new growth space for the retail business.

Digital Development and Empowerment

During the period under review, the Group had been promoting the digital transformation of its stores in all aspects. By achieving precise task assignment, standardized operations, mobile operations and visual tracking, and relying on a one-stop data dashboard and operation platform, it has significantly improved store operating efficiency, reduced costs and increased labor efficiency. Meanwhile, compiling a directory of digital stores and big data platforms and building a comprehensive data governance system provided solid guarantees for efficient data management and security. During the period, the Group had been focusing on promoting the coordinated implementation of four major digital initiatives. These included focusing on improving refined store management and strengthening operational granularity to achieve task-based work; focusing on EAM system upgrades to bridge gaps in business and financial processes and achieve business and financial integration; leveraging AI technology and digital hardware to achieve precise reach, enhance brand competitiveness, and achieve precision marketing; and restructuring data dashboards and optimizing operating platforms to provide strong data support for decision-making and realize the digitalization of operations. During the period under review, the Group achieved phased results in its digital transformation, injecting strong impetus into its future sustainable development.

Optimizing Organization and Mechanism – Employment, Training and Development

As at 30 June 2025, the Group had a total of 20,900 employees. The total labor costs amounted to approximately RMB867,040 thousand.

During the period under review, the Group had been accelerating its organizational reforms to support business transformation through optimized organizational configuration and ensure the effective implementation of its strategies. Specific measures included completing the establishment of the Shanghai City Center and the Supermarket Operation Centre for the hypermarket segment, clarifying the functional settings, organizational structure, job staffing and personnel allocation, and consolidating the business operation foundation of stores in Shanghai. We have also deepened the organizational transformation of the headquarters. By systematically sorting out functions, we have clearly planned the positioning and division of the headquarters and member companies in terms of organizational structure, department setup, and distribution of core functions, promoted the continuous optimization of the overall organizational structure of the headquarters, strengthened special support capabilities, and provided all-round guarantees for the organizational strategic transformation. Through the above measures, the Group further streamlined its organizational structure and functional division, laying a solid organizational foundation for the next stage of business transformation and strategy implementation.

During the period under review, the Group further strengthened and deepened its management reforms, carrying out all-round and systematic optimization from headquarters to stores. At the headquarters level, efforts had been made to improve management efficiency ratios, while at the store level, staffing management had been strengthened, with personnel optimization paths being refined in steps. At the same time, a focus was placed on filling vacancies in key positions to fully enhance overall operational efficiency. During the period under review, the Group prioritized institutional reforms, promoted the optimization of its assessment system, reorganized its business team assessment methods, and improved its marketing and procurement indicator system. Focusing on core objectives, the Group piloted a unified marketing and procurement performance model in Shanghai region for its supermarket segment. Moreover, we further optimized the general partner model at the store level, formulated a new plan for full employee participation, and actively promoted the replication and promotion of the super partner model.

During the period under review, the Group had increased its investment in talent acquisition and talent development. We laid a solid foundation for team building and focused on the selection and training of reserve talents. We adopted a flexible training format that combined online and offline training to continuously meet the training needs of business development.

Strengthening Management to Reduce Costs

During the period under review, the Group focused on rent reduction, operating cost control and labor cost optimization, and achieved cost reduction and efficiency improvement through a number of measures. It continued to strengthen cost awareness and refined management, and achieved significant cost control results. The specific measures were as follows:

In terms of rent reduction, by improving the rent calculation model, using models such as “unit price benchmarking, revenue per available square meter comparison, and usable area ratio” as the basis for negotiation, a rent renegotiation list for redline stores was formulated to promote rent renegotiation for high-cost stores. By reducing rents for stores whose leases were due for renewal and for low-performing stores, we had made every effort to implement rent reductions, with outstanding results achieved. In terms of operational cost reduction and energy consumption control, we improved staff efficiency by optimizing staff allocation and implementing multi-post integration and intelligent scheduling. During operations, we focused on two key areas: loss and energy consumption. We established a daily loss monitoring mechanism for stores and implemented precise loss control for high-loss categories such as fresh food, cold chain and fresh produce. At the same time, combined with the “cold-chain delivery into the cabinet” action, the optimal scheduling of energy consumption was achieved. In terms of marketing and promotional resource allocation management, it was clearly stated that all marketing and promotional activities and membership allocation were aimed at “increasing visitor volume and lifting repurchase rate”, with ROI as the assessment benchmark; and combined with post-investment review and forecast calculation, an investment-output ratio management mechanism was established to ensure that resources were concentrated on high-efficiency scenarios.

Strategy and Planning

In the second half of 2025, China's economy is expected to maintain its overall resilience, relying on its solid development foundation and continuously expanding domestic demand market. Domestic macroeconomic regulation and control will further strengthen the policy mix to promote consumption, consolidate the consumption recovery trend through multi-dimensional measures, and boost market confidence. By then, a series of policies to boost consumption will form a synergistic effect with various livelihood security policies such as childcare support, employment promotion, and pension security that will be implemented later, so that consumption potential can be further effectively released, so as to effectively enhance residents' consumption capacity and willingness and inject vitality into the consumer market.

In the second half of 2025, it is expected that consumer demand will accelerate its iteration, new business formats and models will continue to emerge, and consumers' requirements for shopping experience, product quality and services will continue to increase. In this regard, the Group will closely adhere to the core requirements of the reform and transformation strategy, focus on improving core capabilities, and further deepen reform and restructuring, and it will uphold the concept of self-driven and agile development, and fully stimulate the creativity and potential of employees. At the same time, we will continue to deepen the optimization and upgrading of supermarket and hypermarket segments, accelerate the construction of innovative products and supply chain systems, and accurately capture consumption trends to meet the increasingly diversified needs of consumers.

In the second half of 2025, the Group will continue to focus on the core goal of stabilizing growth, and guided by customer focus, strengthen the Lianhua brand value. The Group will systematically develop eight core tasks, namely "supermarket development and refined operations, hypermarket transformation and upgrading, product and supply chain development, Quik's expansion of innovative franchise business, cross-industry collaboration and efficiency improvement, digital development and empowerment, cost-saving projects, organizational efficiency improvement and personnel optimization". We will anchor the main line of high-quality brand development, deeply consolidate the brand foundation and forge core competitiveness with the direct sales system as the core, and use the franchise network as a means to accelerate the expansion of brand boundaries, expand market influence, and consolidate brand strength, injecting strong momentum into building a more resilient and dynamic brand development pattern.

In the second half of 2025, the Group will focus on supply chain upgrades, operational efficiency enhancements, marketing empowerment innovations, and online and offline collaborative development, aiming to drive sales growth from multiple dimensions. At the same time, we will focus on strategic transformation to build consensus among all employees, use organizational culture as a strong bond, and gather a powerful force to overcome difficulties, providing solid support for the development of the Group.

SUBSEQUENT EVENTS

From 1 July 2025 to the date of the announcement of interim results, there was no subsequent event that may cause material effects on the results of the Company.

INTERIM DIVIDEND

The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company. As at 30 June 2025, the Company did not hold any treasury shares.

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 2025 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, the Board is pleased to confirm that all the Directors, supervisors and relevant employees 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” (in effect as of 30 June 2025) (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 (which has been re-numbered as code provision C.1.5 since 1 July 2025) of the Code in respect of the non-executive directors' regular attendance and active participation in Board meetings and attendance to general meetings:

Ms. Zhang Hui-qin, an executive Director, Ms. Shen Chen, a non-executive Director and Mr. Cao Hai-lun, a non-executive Director, were unable to attend the tenth meeting of the eighth session of the Board convened on 28 March 2025 by the Company due to their other business commitments.

Mr. Cao Hai-lun, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the 2024 annual general meeting of the Company convened on 19 June 2025 (the “**2024 AGM**”) due to their other business commitments.

Mr. Cao Hai-lun, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the eleventh meeting of the eighth session of the Board convened on 19 June 2025 by the Company due to their other business commitments.

Mr. Cao Hai-lun, a non-executive Director, and Mr. Chen Wei, an independent non-executive Director, were unable to attend the twelfth meeting of the eighth session of the Board convened on 28 August 2025 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 sent the related minutes to all members of the Board after the Board meetings so any Director who was unable to attend the meetings 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 2024 AGM to all members of the Board before the 2024 AGM. All ordinary resolutions considered at the 2024 AGM were passed smoothly. The Company sent the related minutes of the 2024 AGM to all members of the Board after the 2024 AGM so that the Directors who were unable to attend the meeting were able to understand the resolutions passed at the 2024 AGM.

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

Shanghai, the People's Republic of China, 28 August 2025

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

Executive Directors: Wang Xiao-yan, Zhang Hui-qin and Zhu Ding-ping;

Non-executive Directors: Pu Shao-hua, Shen Chen, Cao Hai-lun and Yang Qin;

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