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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
(1) DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN A SUBSIDIARY; AND
(2) POSSIBLE CONTINUING CONNECTED TRANSACTION IN RELATION TO THE ENTRUSTMENT MANAGEMENT AGREEMENT

DISPOSAL OF A SUBSIDIARY

The Board announces that, on 19 November 2025, the Yangpu Century Lianhua Equity Transfer Agreement was entered into between Shanghai Dongran, an indirect wholly-owned subsidiary of Bailian Group, as the Purchaser, and Century Lianhua Development, a direct wholly-owned subsidiary of the Company, as the Vendor, in relation to the proposed disposal of the entire equity interest in Yangpu Century Lianhua, for a cash consideration in the amount of approximately RMB78.2860 million, as filed and confirmed by the competent state-owned assets supervision and administration authority. Upon completion of the Disposal, Yangpu Century Lianhua will cease to be a subsidiary of the Company.

THE ENTRUSTMENT MANAGEMENT AGREEMENT

The Board further announces that upon completion of the Disposal, the Company intends to enter into the Entrustment Management Agreement with Shanghai Dongran, pursuant to which, the Company shall agree to provide operating management services and resources supporting services to Yangpu Century Lianhua for a term of three years commencing from the effective date of the Entrustment Management Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Bailian Group is a substantial Shareholder, and Shanghai Dongran is an indirect wholly-owned subsidiary of Bailian Group. As such, Shanghai Dongran is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, the Entrustment Management Agreement and the transactions contemplated thereunder, if materialised, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5%, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to the proposed entering into the Entrustment Management Agreement, considering that the relevant parties to both the Entrustment Management Agreement and the Existing Entrustment Management Agreement are the same connected persons, the transactions contemplated under the Entrustment Management Agreement are required to be aggregated with those under the Existing Entrustment Management Agreement pursuant to Listing Rule 14A.81. As the highest applicable percentage ratio (as defined under the Listing Rules) for the annual caps (following aggregation) in respect of the transactions contemplated under the Entrustment Management Agreement will be more than 0.1% but less than 5%, the transactions contemplated under the Entrustment Management Agreement are therefore subject to the reporting, announcement and annual review requirements, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interests in the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder, namely Mr. Xia Da-wei, Mr. Lee Kwok Ming, Don, Mr. Chen Wei and Mr. Zhao Xin-sheng) has been formed to advise the Independent Shareholders on whether the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting.

The Board also hereby announces that, Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting.

EGM

The EGM will be convened to consider and, if thought fit, approve resolutions relating to the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Bailian Group, Shanghai Bailian and parties acting in concert with any of them and their respective associates and any other Shareholder who is involved or interested in the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolutions to be proposed at the EGM for approving the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Shareholders would be required to abstain from voting to approve the resolutions in relation to the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) particulars of the Yangpu Century Lianhua Equity Transfer Agreement and the Disposal; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM is expected to be published within 15 business days after the publication of this announcement.

As the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are subject to the satisfaction of the respective conditions precedent to the Yangpu Century Lianhua Equity Transfer Agreement, including but not limited to the Yangpu Century Lianhua Equity Transfer Agreement having been approved by the Independent Shareholders, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

I. DISPOSAL OF A SUBSIDIARY

The Board announces that, on 19 November 2025, the Yangpu Century Lianhua Equity Transfer Agreement was entered into between Shanghai Dongran, an indirect wholly-owned subsidiary of Bailian Group, as the Purchaser, and Century Lianhua Development, a direct wholly-owned subsidiary of the Company, as the Vendor, in relation to the proposed disposal of the entire equity interest in Yangpu Century Lianhua, for a cash consideration in the amount of approximately RMB78.2860 million, as filed and confirmed by the competent state-owned assets supervision and administration authority. Upon completion of the Disposal, Yangpu Century Lianhua will cease to be a subsidiary of the Company.

(A). Yangpu Century Lianhua Equity Transfer Agreement

A summary of the principal terms of the Yangpu Century Lianhua Equity Transfer Agreement is set out below.

Date

19 November 2025

Parties

(1). Century Lianhua Development (as the Vendor); and

(2). Shanghai Dongran (as the Purchaser)

Assets to be Disposed of and Registration Procedures

Pursuant to the Yangpu Century Lianhua Equity Transfer Agreement, Century Lianhua Development conditionally agreed to sell, and Shanghai Dongran conditionally agreed to acquire the entire equity interests in Yangpu Century Lianhua.

Yangpu Century Lianhua will register with the competent authorities in respect of the Disposal in accordance with applicable laws and regulations, which will proceed subject to the approval by the Independent Shareholders at the EGM. Upon completion of the Disposal, (i) the Company will cease to own any interest in Yangpu Century Lianhua; and (ii) Yangpu Century Lianhua will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

Consideration

The consideration for the Sale Equity is approximately RMB78.2860 million, as filed and confirmed by the competent state-owned assets supervision and administration authority, which was determined after arm's-length negotiations between Century Lianhua Development and Shanghai Dongran after taking into account, among others, (a) the appraised value of the total shareholders' equity of Yangpu Century Lianhua of approximately RMB78.2860 million as at the Valuation Date based on the Valuation Report (as filed and confirmed by the competent state-owned assets supervision and administration authority) prepared by Shanghai Lixin, an independent valuer, using the asset approach; (b) the recent financial performance and business prospects of Yangpu Century Lianhua; and (c) the benefits of the Disposal as discussed in the section headed "Reasons for and Benefits of Entering into the Yangpu Century Lianhua Equity Transfer Agreement" in this announcement. The consideration shall be settled by Shanghai Dongran in cash and in one lump sum within 10 days upon fulfillment of all the conditions precedent under the Yangpu Century Lianhua Equity Transfer Agreement.

Valuation

The Company has engaged Shanghai Lixin, a registered valuer in the PRC independent of the Company, to conduct valuation on the total shareholders' equity of Yangpu Century Lianhua and to prepare the Valuation Report.

Valuation Method

According to the Valuer, this valuation is of the overall value of the enterprise, and as there are few cases of equity transactions of similar enterprises in China, or although there are cases, it is difficult to collect information, such as the transaction background and comparable factors etc., and it is difficult to quantify the impact of comparable factors on the value of the enterprise. It is also difficult to find information on comparable companies in the capital market that are similar to the valued entity in terms of asset size and structure, scope of operation and profitability, and therefore the market approach is not applicable in this valuation.

According to the audited financial statements provided by the valued entity, the operating losses were incurred in all the historical periods, and the enterprise is of the view that there is a great uncertainty as to whether the future operations will be profitable and is unable to accurately predict the future profitability, therefore the income approach is not applicable in this valuation.

The scope of the assets and liabilities under valuation provided by the valued entity is clear, which can be identified by means of relevant financial information, purchase and construction information and on-site investigation, and it is possible to be valued individually in accordance with the characteristics of the assets and liabilities, the prerequisites for the implementation of the valuation method and other factors, and therefore the asset approach is adopted.

In accordance with the above adaptation analysis and asset valuation standards, this appraisal adopts the asset approach in assessing the value of the appraised assets in light of the specific circumstances of the appraised assets.

Key Inputs

According to the asset approach, the Valuer determined the fair value of current assets such as monetary capital, trade receivables, prepayments and other receivables at their verified carrying amounts. The asset approach was used to value long-term equity investments based on the audited financial statements of subsidiaries under Chinese accounting standards. The market approach and the income approach were used to value property, plant and equipment-parking space, where comparable transactions of properties for similar uses were available in the neighborhood, and was capable of being leased out and generating rental income. For property, plant and equipment-equipment, the replacement cost approach was used to value the equipment operating under normal conditions, and the market approach was used to value certain electronic equipment with an active second-hand trading market. The replacement cost approach was used to value the intangible assets. The fair value of other assets and liabilities was determined using reasonable valuation approach after analysis.

Assumptions

Based on the Valuation Report of Yangpu Century Lianhua, the principal assumptions of the valuation are summarised as follows:

(1). Basic assumptions

(a). Going concern assumption: This assumes that the operating conditions of Yangpu Century Lianhua, such as its supply and marketing model and profit distribution with affiliated enterprises, will remain unchanged.

(b). Open market assumption: This assumes that assets can be freely bought and sold on a fully competitive market, and that their price is determined by the value judgment of independent buyers and sellers on the asset under the supply situation of a certain market. An open market is a fully competitive market with many buyers and sellers. In this market, buyers and sellers are equal, and both have the opportunity and time to obtain sufficient market information. The trading behavior of both buyers and sellers is voluntary and rational, and is not forced or unrestricted.

(c). Transaction assumptions: The source of value of any asset is inseparable from transactions. Regardless of whether the appraised asset is involved in a transaction in an economic activity related to the purpose of the appraisal, we assume that the subject of the appraisal is in the process of being transacted, and the valuer conducts the appraisal based on the trading conditions of the asset to be appraised and other simulated market conditions.

(2). General assumptions

(a). The industry in which the enterprise is located will maintain a stable development trend, and there will be no major changes in the current national and local laws, regulations, systems, and socio-political and economic policies;

(b). Interest rates and exchange rates remain at current levels without significant changes;

(c). There are no other major adverse effects caused by force majeure or unforeseeable factors.

Valuation Result

Based on the Valuation Report, the market value of the total shareholders' equity of Yangpu Century Lianhua as at the Valuation Date was RMB78.2860 million. As at the Valuation Date, the carrying amount of the net assets of the statement on a standalone basis of Yangpu Century Lianhua was approximately RMB59.0410 million, and the appraised value of the total shareholders' equity represented an increase of RMB19.2450 million over the carrying amount of the net assets of the statement on a standalone basis. The main reasons for the increase are: the revaluation of right-of-use assets and lease liabilities resulted in an increase of net assets of RMB25.2233 million; long-term equity investment depreciated by RMB6.003 million after being reappraised using the asset approach; the rest are the increase and decrease of property, plant and equipment after being appraised using the market approach and replacement cost approach.

The Directors have also reviewed and considered the Valuation Report, the methodology adopted, the basis and major assumptions and quantitative input used in arriving at the Valuation and the rationale of the Valuer for adopting the asset approach for the valuation. There are no irregularities noted by the Directors in relation to the quantitative inputs in the valuation and the Directors consider the methodology adopted for and the basis and major assumptions and quantitative input used in the valuation to be fair and reasonable.

Conditions Precedent

Completion of the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder is conditional upon satisfaction of the following conditions precedent:

(1). a valuation report having been obtained from Yangpu Century Lianhua, which is in compliance with the valuation filing procedures;

(2). the approval documents and internal decision-making documents of the state-owned parent enterprises to which both parties belong having been approved for the Disposal;

(3). Century Lianhua Development and the Company having completed all the decision-making procedures and obtained approval for the Disposal (including but not limited to the Board's and Independent Shareholders' approval and the necessary approvals, consents and confirmations required by the applicable regulatory authorities and/or the Listing Rules);

(4). Century Lianhua Development having made a shareholder's decision of Yangpu Century Lianhua in respect of the Disposal;

(5). Shanghai Dongran having obtained its shareholders' decision in respect of the Disposal; and

(6). the internal and external approval procedures and statutory steps of all parties involved in the Disposal having been duly completed.

Completion

Century Lianhua Development and Shanghai Dongran agreed that upon the fulfilment of the final condition precedent set out in the section headed "Conditions Precedent" above, both parties shall initiate the completion of the Yangpu Century Lianhua Equity Transfer Agreement in the following order and according to the corresponding work arrangements. The Completion Date shall be the first working day following the satisfaction of all the conditions below:

(1). Shanghai Dongran having paid the consideration for the Disposal;

(2). The legal procedures and formalities regarding the Yangpu Century Lianhua Equity Transfer Agreement and transactions contemplated thereunder have been completed through Shanghai United Assets and Equity Exchange, and the title transaction certificate or title transfer document have been obtained;

(3). Yangpu Century Lianhua having completed the industrial and commercial changes registration of the Disposal.

Transitional Arrangement

Pursuant to the Yangpu Century Lianhua Equity Transfer Agreement, the parties agreed that any profits or losses arising from the operations that result in an increase or decrease in the net asset value of Yangpu Century Lianhua during the Transitional Period will be shared or borne by Shanghai Dongran.

(B). Financial Effect of the Disposal and the Intended Use of Proceeds

Completion of the transactions contemplated under the Yangpu Century Lianhua Equity Transfer Agreement shall take place on the Completion Date in accordance with the terms thereof. Upon completion of the transactions contemplated under the Yangpu Century Lianhua Equity Transfer Agreement, the Yangpu Century Lianhua will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group. Any gain or loss on disposal (being the difference between the aggregate consideration of Disposal of approximately RMB78.2860 million and the total net assets or liabilities of Yangpu Century Lianhua as at the Completion Date) is expected to be recognised in the consolidated financial statements of the Company. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by the auditors of the Company, and it may be different from the estimated amount as it will be influenced by (i) the actual net asset value of the Yangpu Century Lianhua as at the Completion Date; and (ii) the actual transaction costs incurred.

The Company intends to use the proceeds from the Disposal for replenishment of working capital.

(C). Reasons for and Benefits of Entering into the Yangpu Century Lianhua Equity Transfer Agreement

The entering into the Yangpu Century Lianhua Equity Transfer Agreement and the Disposal contemplated thereunder is mainly based on the overall strategic background of the Company for its medium-to-long-term sustainable and healthy development and enhancement of its overall performance. Having duly considered market and competitive environment, the operation of the stores, the value of the outlets and the impact of the supply chain, the Company intends to further divest assets to better focus on the development of its core businesses in Shanghai and Zhejiang.

The Directors (excluding the independent non-executive Directors, whose opinion on the matters will be set forth in the circular by reference to the advice of the Independent Financial Adviser in this regard) consider that the business strategies of the Company can be supported and realized through the Disposal, which is conducive to the development of the Company and in the interests of the Company and the Shareholders as a whole.

II. THE ENTRUSTMENT MANAGEMENT AGREEMENT

The Board further announces that upon completion of the Disposal, the Company intends to enter into the Entrustment Management Agreement with Shanghai Dongran, pursuant to which, the Company shall agree to provide operating management services and resources supporting services to Yangpu Century Lianhua for a term of three years commencing from the effective date of the Entrustment Management Agreement.

Parties

(1). the Company (as the service provider); and

(2). Shanghai Dongran (as the service recipient)

Term

The Entrustment Management Agreement is for a term of three years commencing from the effective date of the Entrustment Management Agreement

Object Target of the Entrustment Management

Yangpu Century Lianhua

Major Terms of the Entrustment Management Agreement

During the term of the Entrustment Management Agreement, the Company shall be in charge of the operation and management over the daily operation and management matters of Yangpu Century Lianhua including, among others, procurement, sales, investment promotion, development, finance, personnel, party-related affairs, as well as the operation and decision of the main business. Specifically:

(1). organize and arrange for Yangpu Century Lianhua to implement daily sales, operation and management in accordance with the Company's operation management system, business management system and financial management system (including but not limited to relevant regulations, systems, processes and approval authority);

(2). approving, organizing and promoting Yangpu Century Lianhua to complete the SBP planning, annual operation plan, annual outlet development and renovation plan, annual investment plan and the relevant assessment indicators;

(3). approve the annual financial budget formulated by Yangpu Century Lianhua, carry out financial control of Yangpu Century Lianhua and budget, control and appraisal of sales, costs and expenses;

(4). approving and adjusting the organizational structure of Yangpu Century Lianhua, hiring and firing of employees, salaries and benefits of employees, and making recommendations on the appointment and removal of directors, supervisors and senior management;

(5). other powers and functions granted to the Company by Shanghai Dongran, as a shareholder of Yangpu Century Lianhua, upon mutual agreement.

In addition, during the entrusted management period, the Company will fully utilize its own brand, merchandise and management advantages to provide relevant resources support to Yangpu Century Lianhua, including:

(1). personnel management support: the Company shall despatch a management team to Yangpu Century Lianhua to organize, collaborate and assist Yangpu Century Lianhua to implement sales, operation and management activities and endeavor to ensure the achievement of the entrustment management goals;

(2). brand support: the Company shall authorise Yangpu Century Lianhua to use the brand of "Century Lianhua";

(3). information system support: the Company shall agree to or shall authorize Yangpu Century Lianhua to use various types of information systems (including but not limited to financial, business, OA systems, etc.) purchased or researched and developed by the Company; and

(4). merchandise supply support: the Company shall provide goods supply and logistics services to Yangpu Century Lianhua at market price and on normal commercial terms.

Ownership of assets: During the term of the Entrustment Management Agreement, the property rights, assets, debts, liabilities of the rights and the independent legal entities of Yangpu Century Lianhua remain unchanged. Shanghai Dongran will remain its ownership, the right to income and final decision-making authority over Yangpu Century Lianhua. Non-routine business and management matters of Yangpu Century Lianhua, including, among others, changes in registered capital, amendments to the articles of association, major external investments, major capital expenditures, profit distribution, conversion of capital reserves, asset disposal, entrusted wealth management and fund support, are outside the scope of the entrustment and are legally owned and exercised by Shanghai Dongran.

Expenses and profits or losses: During the term of the Entrustment Management Agreement, Yangpu Century Lianhua shall be responsible for its own day-to-day selling, operating, and management (or business) expenses, and the profits or losses generated are also enjoyed or borne by Yangpu Century Lianhua.

Store closures, changes in shareholdings or major asset disposals of the Company: During the term of the Entrustment Management Agreement, in the event that Yangpu Century Lianhua experiences store closures, restructuring, mergers, divisions, dissolution, bankruptcy or capital exits of its subsidiaries or affiliated companies, or major asset disposals (including relocation of self-owned properties), such activities shall be implemented by Yangpu Century Lianhua upon approval by both the Company and Shanghai Dongran. All related gains, losses and expenses shall be enjoyed or borne by Yangpu Century Lianhua.

Production and operation safety: During the term of the Entrustment Management Agreement, should there be any safety incidents, quality incidents or losses incurred by Yangpu Century Lianhua due to matters beyond the Entrustment Management of the Company, the responsible party shall bear all liabilities.

Historical Amounts

On 27 September 2024, the Company and Shanghai Dongran have entered into the Existing Entrustment Management Agreement, which stipulated that the Entrusted Companies were entrusted to manage by the Company in a centralized manner, and the annual cap service fee receivable by the Company under the Existing Entrustment Management Agreement for each financial year shall be RMB4,000,000. For the nine months ended 30 September 2025, Shanghai Dongran has paid entrustment expenses of approximately RMB3.70 million in accordance with the Existing Entrustment Management Agreement.

Entrustment Expenses, Pricing Policy and Annual Caps

Pricing Policy

The entrusted management fees are determined based on the conditions of Yangpu Century Lianhua, the costs of providing the entrusted management services, and the operational performance of Yangpu Century Lianhua from 2023 to 2025. Specifically:

(i). Labour Costs: Based on the expected development goals and overall work requirements of Yangpu Century Lianhua, the Company plans to assign the management team under the Existing Entrustment Management Agreement to provide unified support for personnel management to Yangpu Century Lianhua, and therefore, will not separately charge Shanghai Dongran any personnel management fee for the entrustment management of Yangpu Century Lianhua.

(ii). Brand Usage Fees: These fees are determined based on the actual conditions of the Company, including operational scale, and by referencing (i) the standard rates charged by the Group to our non-wholly-owned subsidiaries for brand usage; and (ii) the industry attributes, reputation, and market position of the Company. Brand usage fees are charged at a rate of 0.2% of the expected main business revenue of Yangpu Century Lianhua for each year during the term of the Entrustment Management Agreement, taking into account the performance of Yangpu Century Lianhua in the two financial years preceding the relevant year during the term of the Entrustment Management Agreement;

(iii). Information System Usage Fees: Given the information system services to be used by Yangpu Century Lianhua in its revenue-generating principal activities, the estimated fees shall be determined with reference to (i) the Group's amortization and operational costs for the information system in the two preceding financial years, and (ii) the proportion of the main business revenue of Yangpu Century Lianhua compared to the Group's main business revenue for the two financial years preceding the relevant year during the term of the Entrustment Management Agreement, then the estimated fees are calculated based on the estimated Yangpu Century Lianhua's proportion of information system amortization of the Group; and

(iv). Under the Entrustment Management Agreement, unless otherwise mutually agreed, the entrustment management fee shall remain fixed and is not subject to adjustment during the term of entrustment management.

The Directors are of the view that given the thorough understanding of operations of Yangpu Century Lianhua and the anticipation of its continued stable performance in the future, the above pricing policy is fair and reasonable.

Payment Arrangements

The fees payable by Shanghai Dongran under the Entrustment Management Agreement are based on the estimated costs calculated under the pricing policy and will be paid as follows: (i) the management fees will be paid annually, with the first instalment due within ten days after the Entrustment Management Agreement becomes effective; (ii) the second instalment will be paid to the Company on or before 31 January 2027; and (iii) the third instalment will be paid on or before 31 January 2028.

Annual Cap

The annual cap for the service fees payable by Shanghai Dongran under the Entrustment Management Agreement is RMB300,000 for each financial year during the term of the Entrustment Management Agreement. The annual cap is determined taking into account the followings: (i) the estimated costs for providing the entrusted management services including, brand usage fees, and information system usage fees, in accordance with the terms of the Entrustment Management Agreement; and (ii) given that the management team under the Existing Entrustment Management Agreement will provide unified support for personnel management to the relevant Entrusted Companies, the Company will not separately charge Shanghai Dongran any personnel management fee; and (iii) unless otherwise mutually agreed, the entrustment management fee shall remain fixed and is not subject to adjustment during the term of entrustment management.

Reasons for and Benefits of the Proposed Entering into the Entrustment Management Agreement

In order to ensure a smooth transition and sustainable and stable operation of Yangpu Century Lianhua after the completion of the Disposal, the Group will give full play to its own branding, merchandising and management strengths, and be entrusted by Shanghai Dongran to carry out entrusted management of Yangpu Century Lianhua, and provide relevant resources support to Yangpu Century Lianhua, including personnel management support, branding support, information system support and merchandising support, so as to help them to achieve their new operating objectives.

The Directors (including the independent non-executive Directors) consider that the proposed terms of the Entrustment Management Agreement are fair and reasonable and on normal commercial terms and are entered into in the ordinary and usual course of the Company's business and in the interests of the Company and the Shareholders as a whole.

Internal Control Policy

To ensure the terms of the entrusted management services provided to Shanghai Dongran are fair and reasonable, and on normal commercial terms or better, the Group has implemented the following measures:

(i). The fees incurred for the entrusted management services provided by the Company under the Entrustment Management Agreement shall not be less favourable than the standard rates charged to other non-wholly owned subsidiaries receiving similar services from the Company. These fees will be determined through arm's-length negotiation between the parties, on normal commercial terms. The fees will be determined after arm's-length negotiation, taking into account the costs of providing entrusted management services, actual operating conditions, and the brand usage fees charged by the Group to all non-wholly-owned subsidiaries, in accordance with the principles of fairness and reasonableness. For the Group, the relevant business departments and management of the Company (as applicable) have reviewed the prices for providing entrusted management services to Shanghai Dongran, considering comparable service terms provided within the Group and to other non-wholly-owned subsidiaries receiving similar services from the Company, to ensure that the service fees are fair and reasonable, and are established on normal commercial terms not less favourable than those provided to other non-wholly owned subsidiaries receiving similar services from the Company. The Company has established a business contract review mechanism, through which the regulatory department can review service terms (including pricing) and compare them with the terms provided to other non-wholly owned subsidiaries receiving similar services from the Company, to ensure that these terms meet market fair price levels and determine whether they are commercially beneficial to the Group;

Specifically, the Company's relevant business divisions and management (as applicable) shall undertake the following: (a) maintain ongoing oversight of the operational performance and demands of Yangpu Century Lianhua to ensure that the designated management personnel are both appropriate and justifiable; (b) exercise internal supervision and assessment of the deployed personnel, conducting periodic reviews of their associated labor costs; (c) in relation to the rates and fees for brand usage, continuously monitor the revenue trends, prevailing market conditions and periodic performance of Yangpu Century Lianhua, while consistently tracking market developments and pricing benchmarks to ensure that the rates and fees remain just and reasonable; and (d) with respect to the information system usage fees, persistently oversee the revenue status of Yangpu Century Lianhua, maintain scrutiny of the aforementioned parameter ratio, and consider factors such as the usage level of other non-wholly-owned subsidiaries receiving similar services from the Company and their respective revenue contribution, thereby ensuring that the determination of the service fees is fair and reasonable.

Additionally, the Company will further evaluate these fees annually based on the specific implementation of the previous year to ensure that they remain fair and reasonable, and in the best interests of the Company and its Shareholders. Based on the above measures, the Group will ensure that the fees for services provided under the Entrustment Management Agreement are fair and reasonable, and no less favourable than the terms provided to other non-wholly-owned subsidiaries receiving similar services from the Company. The Directors believe that the above procedures can ensure that the transactions are conducted on normal commercial terms and in the best interests of the Company and its Shareholders;

(ii). The Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control on continuing connected transactions. The relevant personnel of the business department of the Company will conduct regular checks, at least twice per annum, to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of the Entrustment Management Agreement and in accordance with the aforesaid pricing policy. The relevant financial departments of the Group will regularly and promptly monitor the implementation of the continuing connected transactions and the usage of the annual caps, and report accordingly and timely to ensure that the annual caps are not exceeded and/or to comply with the relevant provisions of the Listing Rules in a timely manner to adjust the relevant caps, if necessary;

(iii). The Company's external auditors will conduct an annual review of the pricing policies, annual caps, and the execution of the continuing connected transactions in all material aspects according to the Entrustment Management Agreement;

(iv). The Company's audit committee will review at least twice a year the analysis reports and the improvement measures prepared by the Company's management based on the implementation of the continuing connected transactions by the Group; and

(v). The independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions.

III. BOARD'S APPROVAL

The Board has approved (i) the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder, and (ii) the proposed entering into the Entrusted Management Agreement and the annual caps, and none of the Directors has any material interest in the transactions contemplated thereunder.

Mr. Pu Shao-hua, Ms. Wang Xiao-yan, Mr. Zhu Ding-ping, Ms. Zhang Hui-qin, Mr. Cao Hai-lun and Ms. Yang Qin have abstained from voting on the aforementioned connected transactions. Save as disclosed above, none of the other Directors was required to abstain from voting to approve the relevant Board resolution.

IV. GENERAL INFORMATION

Information of the Company

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

Information of Century Lianhua Development

Century Lianhua Development is a company incorporated under the laws of the PRC, and is principally engaged in operation of hypermarkets. As at the date of this announcement, Century Lianhua Development is a direct wholly-owned subsidiary of the Company.

Information of Shanghai Dongran

Shanghai Dongran is a company incorporated under the laws of the PRC, and is principally engaged in manufacture and sale of petroleum products, import and export of goods and technology, software development, architectural engineering design and construction, enterprise management and consulting. As at the date of this announcement, Shanghai Dongran is an indirect wholly-owned subsidiary of Bailian Group, which is a state-owned enterprise incorporated in the PRC and a substantial Shareholder.

Information of Yangpu Century Lianhua

Yangpu Century Lianhua is a company incorporated in the PRC, and is principally engaged in operation of hypermarkets and supermarkets in Yangpu district, Shanghai and Henan Province.

As shown in the audited consolidated financial information of Yangpu Century Lianhua prepared in accordance with Chinese accounting standards, as at 31 July 2025, the total assets and net liabilities of Yangpu Century Lianhua amounted to approximately RMB276.8431 million and RMB210.4839 million, respectively. A summary of the consolidated financial information of Yangpu Century Lianhua for the years ended 31 December 2023 and 31 December 2024 and the seven months ended 31 July 2025 is set out below:

	For the year ended 31 December 2023 *(Approximately RMB0'000)*	**For the year ended 31 December 2024** *(Approximately RMB0'000)*	**For the seven months ended 31 July 2025** *(Approximately RMB0'000)*
Net profit/(loss) before tax	1,074.88	422.37	(900.44)
Net profit/(loss) after tax	324.74	209.97	(1,192.32)

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, Bailian Group is a substantial Shareholder, and Shanghai Dongran is an indirect wholly-owned subsidiary of Bailian Group. As such, Shanghai Dongran is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, the Entrustment Management Agreement and the transactions contemplated thereunder, if materialised, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5%, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to the proposed entering into the Entrustment Management Agreement, considering that the relevant parties to both the Entrustment Management Agreement and the Existing Entrustment Management Agreement are the same connected persons, the transactions contemplated under the Entrustment Management Agreement are required to be aggregated with those under the Existing Entrustment Management Agreement pursuant to Listing Rule 14A.81. As the highest applicable percentage ratio (as defined under the Listing Rules) for the annual caps (following aggregation) in respect of the transactions contemplated under the Entrustment Management Agreement will be more than 0.1% but less than 5%, the transactions contemplated under the Entrustment Management Agreement are therefore subject to the reporting, announcement and annual review requirements, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interests in the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder, namely Mr. Xia Da-wei, Mr. Lee Kwok Ming, Don, Mr. Chen Wei and Mr. Zhao Xin-sheng) has been formed to advise the Independent Shareholders on whether the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting.

The Board also hereby announces that, Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting.

VII. EGM

The EGM will be convened to consider and, if thought fit, approve resolutions relating to the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Bailian Group, Shanghai Bailian and parties acting in concert with any of them and their respective associates and any other Shareholder who is involved or interested in the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolutions to be proposed at the EGM for approving the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Shareholders would be required to abstain from voting to approve the resolutions in relation to the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) particulars of the Yangpu Century Lianhua Equity Transfer Agreement and the Disposal; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM is expected to be published within 15 business days after the publication of this announcement.

As the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are subject to the satisfaction of the respective conditions precedent to the Yangpu Century Lianhua Equity Transfer Agreement, including but not limited to the Yangpu Century Lianhua Equity Transfer Agreement having been approved by the Independent Shareholders, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

VIII. DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Bailian Group"	Bailian Group Co., Ltd.*(百聯集團有限公司), a limited liability company incorporated in the PRC and a substantial Shareholder
"Board"	the board of Directors of the Company
"Century Lianhua Development"	Shanghai Century Lianhua Supermarket Development Co., Ltd.*(上海世紀聯華超市發展有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company

"Company"	Lianhua Supermarket Holdings Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (Stock Code: 980)
"Completion Date"	the date on which the completion of equity transfers under the Disposal take place in accordance with the terms of the Yangpu Century Lianhua Equity Transfer Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the entire equity interest in Yangpu Century Lianhua by Century Lianhua Development to Shanghai Dongran under the Yangpu Century Lianhua Equity Transfer Agreement
"EGM"	extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder
"Entrustment Management Agreement"	the entrustment management agreement to be entered into between the Company and Shanghai Dongran in relation to the entrustment management services, details of which are disclosed in this announcement

"Entrusted Companies"	Shanghai Century Lianhua Supermarket Hongkou Co., Ltd.* (上海世紀聯華超市虹口有限公司), Lianhua Supermarket (Jiangsu) Co., Ltd.* (聯華超市(江蘇)有限公司) and Anhui Century Lianhua Development Co., Ltd.* (安徽世紀聯華發展有限公司)
"Existing Entrustment Management Agreement"	the entrustment management agreement dated 17 February 2025 entered into between the Company and Shanghai Dongran in relation to Entrusted Companies. For details, please refer to the announcements of the Company dated 27 September 2024 and 17 February 2025
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
"H Shareholder(s)"	holder(s) of the H Shares
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong

"Independent Board"	comprising all the independent non-executive Directors who have no direct or indirect interests in the Yangpu Century Lianhua Equity Transfer Agreement and the Disposal, namely Mr. Xia Da-wei, Mr. Lee Kwok Ming, Don, Mr. Chen Wei and Mr. Zhao Xin-sheng, formed in accordance with the requirements of the Listing Rules and to advise the Independent Shareholders on whether the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting
"Independent Financial Advisor" or "Lego"	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than (i) Bailian Group, Shanghai Bailian and parties acting in concert with any of them and their respective associates; and (ii) all other Shareholders who are interested or involved in the Yangpu Century Lianhua Equity Transfer Agreement and the transactions contemplated thereunder
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Sale Equity"	100% of the equity interests in Yangpu Century Lianhua held by Century Lianhua Development
"Shanghai Bailian"	Shanghai Bailian Group Co., Limited*(上海百聯集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and a substantial Shareholder of the Company, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 600827/900923)
"Shanghai Dongran"	Shanghai Dongran Industrial Co., Ltd.*(上海動燃實業有限公司), an indirect wholly-owned subsidiary of Bailian Group
"Shanghai Lixin" or "Valuer"	Shanghai Lixin Appraisal Co., Ltd.*(上海立信資產評估有限公司), a qualified appraisal company in the PRC, engaged by the Company to value the appraised value of Yangpu Century Lianhua
"Shareholder(s)"	the shareholder(s) of the Company
"Share(s)"	the shares of the Company, including the Domestic Share(s), Unlisted Foreign Share(s) and/or H Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transitional Period"	the period commencing from 31 July 2025 and ending on the Completion Date
"Unlisted Foreign Share(s)"	the unlisted foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
"Valuation"	the valuation of the total shareholders' equity of Yangpu Century Lianhua as at Valuation Date prepared by the Valuer
"Valuation Date"	31 July 2025
"Valuation Report"	the valuation report prepared by the Valuer, the summary of which will be incorporated in the circular to be despatched to the Shareholders
"Yangpu Century Lianhua"	Shanghai Century Lianhua Supermarket Yangpu Co., Ltd.* (上海世紀聯華超市楊浦有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Century Lianhua Development
"Yangpu Century Lianhua Equity Transfer Agreement"	equity transfer agreement dated 19 November 2025 entered into between Century Lianhua Development and Shanghai Dongran in relation to the Disposal, details of which are disclosed in this announcement
"%"	per cent

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

Shanghai, the PRC, 19 November 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.

* *For identification purpose only*