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

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

(Stock Code: 00980)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

As at 31 December 2025, the Group recorded the following:

- Revenue was approximately RMB17,753 million, representing a decrease of approximately 9.9% over 2024, in which the hypermarket segment decreased by approximately 14.7%, the supermarket segment decreased by approximately 5.9%, and the convenience store segment decreased by approximately 11.2%.
- Gross profit was approximately RMB2,088 million, representing a decrease of approximately 12.0% over 2024. Gross profit margin was approximately 11.76%, decreasing by approximately 0.27 percentage point over 2024.
- Consolidated income amounted to RMB3,999 million, representing a decrease of approximately 15.1% over 2024. Consolidated income margin was approximately 22.53%, decreasing by approximately 1.37 percentage points over 2024.
- Distribution expenses and administrative expenses were approximately RMB3,981 million, decreased by approximately RMB726 million and approximately 15.4% over 2024, accounted for approximately 22.42% of the revenue and decreased by approximately 1.46 percentage points over 2024.
- Operating loss amounted to approximately RMB181 million, representing a decrease in loss of RMB76 million over 2024. Loss for the year attributable to owners of the Company amounted to approximately RMB200 million, representing a decrease in loss of approximately RMB159 million over 2024. Basic loss per share amounted to approximately RMB0.14.
- The total number of outlets reached 3,067. During the period under review, the Group opened 216 new outlets, including 200 supermarkets (including 57 directly-operated stores and 143 franchised stores), and 16 convenience stores (including 6 directly-operated stores and 10 franchised stores).

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

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

Note 3: Operating loss = Loss before tax – Share of results of associates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	**Year ended 31/12/2025 *RMB'000* (audited)**	Year ended 31/12/2024 *RMB'000* (audited)
Revenue	*3*	**17,753,295**	19,710,114
Cost of sales		**(15,665,639)**	(17,338,195)
Gross profit		**2,087,656**	2,371,919
Other revenue	*3*	**1,242,885**	1,701,850
Other income and other gains and losses	*5*	**668,883**	636,073
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(291)**	(2,345)
Distribution and selling expenses		**(3,388,182)**	(3,990,455)
Administrative expenses		**(592,483)**	(716,541)
Other expenses		**(29,118)**	(54,224)
Share of results of associates		**6,016**	6,226
Finance costs		**(170,516)**	(203,573)
Loss before tax	*6*	**(175,150)**	(251,070)
Income tax expense	*7*	**(10,512)**	(56,838)
Loss and total comprehensive expense for the year		**(185,662)**	(307,908)
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(200,255)**	(358,765)
Non-controlling interests		**14,593**	50,857
		(185,662)	(307,908)
Loss per share – basic *(RMB)*	*8*	**0.14**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

	Notes	**31/12/2025 *RMB'000* (audited)**	31/12/2024 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**2,713,764**	2,954,612
Construction in progress		**5,014**	9,199
Right-of-use assets		**3,576,117**	4,363,238
Intangible assets		**121,012**	115,363
Goodwill		**142,254**	144,175
Interests in associates		**243,487**	237,525
Financial assets at fair value through profit or loss ("**FVTPL**")		**69,849**	67,565
Finance lease receivables-non-current		**20,155**	42,953
Term deposits		**2,159,640**	3,214,024
Deferred tax assets		**67,315**	83,028
Other non-current assets		**42,777**	150,701
		9,161,384	11,382,383
Current assets			
Inventories		**1,539,286**	1,879,688
Finance lease receivables-current		**21,294**	33,771
Prepaid rental		**–**	4,157
Trade and bills receivables	*9*	**215,139**	262,893
Deposits, prepayments and other receivables		**702,359**	735,843
Financial assets at FVTPL		**1,358,596**	1,333,454
Amount due from an ultimate holding company		**508**	8
Amount due from fellow subsidiaries		**24,333**	48,118
Amount due from an associate		**684**	581
Term deposits		**3,167,336**	2,005,933
Restricted bank balances		**8,771**	16,356
Cash and cash equivalents		**1,552,688**	1,602,613
		8,590,994	7,923,415

(Continued)

	Notes	**31/12/2025** *RMB'000* **(audited)**	31/12/2024 *RMB'000* (audited)
Assets classified as held for sale		**266,392**	356,572
		8,857,386	8,279,987
Total assets		**18,018,770**	19,662,370
Capital and reserves			
Share capital		**1,479,600**	1,119,600
Reserves		**(1,609,769)**	(1,406,239)
Equity attributable to owners of the Company		**(130,169)**	(286,639)
Non-controlling interests		**304,151**	354,570
Total equity		**173,982**	67,931
Non-current liabilities			
Deferred tax liabilities		**136,093**	161,006
Lease liabilities		**2,818,025**	3,698,516
		2,954,118	3,859,522
Current liabilities			
Trade and bills payables	*10*	**4,121,750**	3,870,893
Tax payable		**73,044**	108,714
Other payables and accruals		**1,389,131**	1,718,446
Lease liabilities		**652,000**	628,976
Coupon liabilities and advance from customers		**8,199,593**	8,730,204
Amount due to an ultimate holding company		**114,033**	61,545
Amounts due to fellow subsidiaries		**151,686**	195,673
Amounts due to associates		**664**	746
		14,701,901	15,315,197

(Continued)

	Notes	31/12/2025 *RMB'000* (audited)	31/12/2024 *RMB'000* (audited)
Liabilities associated with assets classified as held for sale		**188,769**	419,720
		14,890,670	15,734,917
Total liabilities		**17,844,788**	19,594,439
Net current liabilities		**(6,033,284)**	(7,454,930)
Total equity and liabilities		**18,018,770**	19,662,370

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL

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 Floor, 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 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., Ltd. ("**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 31 December 2025, the Group had net current liabilities of RMB6,033,284,000 (2024: RMB7,454,930,000). Taking into account of the historical settlement and addition pattern of the coupon liabilities (disclosed under coupon liabilities and advance from customers) and the Group's ability to withdraw the non-current unrestricted term deposits of RMB1,855,000,000 (2024: RMB1,690,000,000), the directors of the Company consider that the liquidity risk is significantly reduced and the Group is able to be continued as a going concern.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards mentioned above will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. REVENUE AND OTHER REVENUE

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

(i) Disaggregation of revenue from contracts with customers

Type of Revenue

	Year ended 31/12/2025 *RMB'000*	Year ended 31/12/2024 *RMB'000*
Revenue		
Sales of merchandise	**17,753,295**	19,710,114
Services		
Income from suppliers (service income)	**858,734**	1,221,607
Franchising income from franchised stores	**35,253**	36,175
Commission income on coupon redemption at other retail shops	**6,984**	2,620
	900,971	1,260,402
Total	**18,654,266**	20,970,516

Timing of revenue recognition

	Year ended 31/12/2025 *RMB'000*	Year ended 31/12/2024 *RMB'000*
At a point in time	**17,760,279**	19,712,734
Over time	**893,987**	1,257,782
Total	**18,654,266**	20,970,516

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

	Year ended 31/12/2025 *RMB'000*	Year ended 31/12/2024 *RMB'000*
Revenue from contracts with customers – sales of merchandise	**17,753,295**	19,710,114
Other revenue from contracts with customers – services	**900,971**	1,260,402
Rental income from leasing of shop premises	**341,914**	441,448
	1,242,885	1,701,850
Total revenue and other revenue	**18,996,180**	21,411,964

(ii) Performance obligations for contracts with customers

Sales of merchandise

For merchandise sold in stores, revenue is recognised at the point of sales terminals. For online or wholesale of merchandise, revenue is recognised on collection by the customers.

Service income from suppliers

Service income from suppliers include information technology services, promotion services as well as logistic services. Such service income is recognised over time at the rate of each service item specified in the contract.

Franchising income from franchise stores

Franchising income is charged to the franchisee for the utilisation of the brand of the Group. Franchising income is recognised over time in accordance with the rate specified in the contract.

Commission income on coupon redemption at other retail shops

Commission income is charged to the retailers when customers redeem the Group's coupon at their retail shops. Commission fee is recognised at a point the time when customers redeem the coupons.

(iii) Leases

	Year ended 31/12/2025 *RMB'000*	Year ended 31/12/2024 *RMB'000*
For operating leases:		
Fixed lease payments	**338,168**	434,888
For finance leases:		
Finance income on the net investment in the lease	**3,746**	6,560
Total revenue arising from leases	**341,914**	441,448

4. SEGMENT INFORMATION

Information reported to the Group's general manager, who is the chief operating decision maker of the Group for the purposes of resource allocation and assessment of performance, focuses on three main operations of the Group identified in accordance with the business nature and the size of the operations.

Specifically, the reportable segments of the Group under HKFRS 8 Operating Segments are as follows:

- Hypermarket chain operation ("**Hypermarket**")
- Supermarket chain operation ("**Supermarket**")
- Convenience store chain operation ("**Convenience store**")
- Other operations

There are no significant sales or other transactions among the segments. Other operations of the Group principally comprise sales of merchandise to wholesalers, provision of logistic services for wholesale business, and online sales. Other operations of the Group are aggregated when the information is reported to the Group's general manager.

Segment revenues and results

The following is an analysis of the Group's revenue (including revenue and other revenue) and results from continuing operations by operating and reportable segments:

	Segment revenue		Segment results	
	Year ended 31/12/2025	Year ended 31/12/2024	**Year ended 31/12/2025**	Year ended 31/12/2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hypermarket	**7,632,300**	9,174,143	**(101,906)**	(26,531)
Supermarket	**9,993,472**	10,705,355	**(125,649)**	(8,449)
Convenience store	**1,302,653**	1,470,005	**(14,339)**	(47,480)
Other operations	**67,755**	62,461	**19,318**	(7,586)
	18,996,180	21,411,964	**(222,576)**	(90,046)

The reconciliation of the total segment results to consolidated loss before tax is as follows:

	Year ended 31/12/2025	Year ended 31/12/2024
	RMB'000	*RMB'000*
Segment results	**(222,576)**	(90,046)
Share of results of associates	**6,016**	6,226
Gain on disposal of subsidiaries (as defined in note 39 in the annual report of 2025)	**187,126**	–
Unallocated interest income	**9,854**	30,139
Unallocated expenses	**(157,952)**	(211,193)
Unallocated gain on change in fair value of financial assets at FVTPL	**2,382**	13,804
Consolidated loss before tax	**(175,150)**	(251,070)

All of the segment revenues reported above are from external customers.

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment results did not include share of results of associates, gain on disposal of subsidiaries, allocation of headquarter income and expenses (including certain interest income relating to funds centrally managed) and unallocated gain on change in fair value of financial assets at FVTPL. This is the measure reported to the Group's general manager for the purposes of resource allocation and assessment of segment performance.

Segment assets

The following is the analysis of the Group's assets by reportable and operating segments:

	Year ended 31/12/2025	Year ended 31/12/2024
	RMB'000	*RMB'000*
– Hypermarket	**9,200,376**	8,938,483
– Supermarket	**6,163,945**	7,212,326
– Convenience store	**314,014**	380,526
– Other operations	**119,922**	280,318
Total segment assets	**15,798,257**	16,811,653
Interests in associates	**243,487**	237,525
Deferred tax assets	**67,315**	83,028
Other unallocated assets	**1,909,711**	2,530,164
Total assets	**18,018,770**	19,662,370

For the purpose of monitoring segment performance and allocating resources among segments, all assets are allocated to operating segments other than interests in associates, deferred tax assets, certain financial assets, cash and cash equivalents centrally managed by headquarter.

Other segment information

Year ended
31/12/2025

	Hypermarket	Supermarket	Convenience store	Other operations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:					
Addition to non-current assets *(Note)*	**171,422**	**334,861**	**29,101**	**15**	**535,399**
Depreciation and amortisation	**517,781**	**514,340**	**51,089**	**13,545**	**1,096,755**
Reversals of impairment losses on property, plant and equipment and right-of-use assets	**(14,341)**	**–**	**–**	**–**	**(14,341)**
Impairment losses (reversals of impairment losses) on trade receivables and other receivables	**486**	**674**	**(11)**	**(858)**	**291**
Loss (gain) on disposal of property, plant and equipment	**3,166**	**1,254**	**(142)**	**130**	**4,408**
Net gain on termination of right-of-use assets and lease liabilities	**(78,390)**	**(18,956)**	**(1,670)**	**–**	**(99,016)**
Interest income on bank balances and term deposits	**(100,872)**	**(52,185)**	**(91)**	**(415)**	**(153,563)**
Interest income on finance lease receivables *(Note 3)*	**(3,746)**	**–**	**–**	**–**	**(3,746)**
Finance costs	**105,644**	**62,520**	**2,352**	**–**	**170,516**

Year ended
31/12/2024

	Hypermarket	Supermarket	Convenience store	Other operations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:					
Addition to non-current assets *(Note)*	492,248	369,850	33,468	2,332	897,898
Depreciation and amortisation	642,987	556,463	61,138	15,185	1,275,773
(Reversals of) impairment losses on property, plant and equipment and right-of-use assets	(41,764)	4,394	–	–	(37,370)
Impairment losses (reversals of impairment losses) on trade receivables and other receivables	512	630	(5)	1,208	2,345
Loss (gain) on disposal of property, plant and equipment	5,660	6,975	7	(507)	12,135
Net gain on termination of right-of-use assets and lease liabilities	(83,062)	(16,919)	(3,731)	–	(103,712)
Interest income on bank balances and term deposits	(143,106)	(56,605)	(185)	(163)	(200,059)
Interest income on finance lease receivables *(Note 3)*	(6,560)	–	–	–	(6,560)
Finance costs	130,721	69,849	3,003	–	203,573

Note:

Addition to non-current assets include the additions of RMB90,563,000 to property, plant and equipment (2024: RMB102,262,000), RMB5,395,000 to construction in progress (2024: RMB16,050,000), RMB412,736,000 to right-of-use assets (2024: RMB762,047,000) and RMB26,705,000 to intangible assets (2024: RMB17,539,000).

Geographical information

The Group's operations and non-current assets are substantially located in the PRC. Revenues from external customers are substantially derived from customers located in the PRC. Therefore, no analysis of geographical information is presented.

Information about major customers

None of the revenue from any customers contributed over 10% of the total revenue of the Group for both reporting periods.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Year ended 31/12/2025	Year ended 31/12/2024
	RMB'000	*RMB'000*
Interest income on bank balances and term deposits	**163,417**	230,198
Government grants *(Note i)*	**39,265**	40,225
Gain on disposal of subsidiaries (as defined in note 39 in the annual report of 2025)	**187,126**	–
Gain on change in fair value of financial assets at FVTPL	**60,675**	84,088
Dividends from financial assets at FVTPL	**1,382**	1,309
Net gain on termination of right-of-use assets and lease liabilities	**99,016**	103,712
Reversals of impairment loss on right-of-use assets	**15,952**	37,370
Salvage sales	**10,106**	12,291
Income from breakage *(Note ii)*	**23,694**	27,519
Coupon charges	**5,452**	9,358
Penalty income	**14,959**	59,774
Others	**47,839**	30,229
Total	**668,883**	636,073

Notes:

i. During the current year, the Group received unconditional government grants of RMB39,265,000 (2024: RMB40,225,000) from the PRC local government as an encouragement for the operation of subsidiaries in certain jurisdictions.

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. LOSS BEFORE TAX

	Year ended 31/12/2025	Year ended 31/12/2024
	RMB'000	*RMB'000*
Loss before tax has been arrived at after charging (crediting):		
Amortisation and depreciation		
Depreciation of property, plant and equipment	**316,256**	329,007
Depreciation of right-of-use assets	**754,649**	918,304
Amortisation of intangible assets	**25,850**	28,462
Total amortisation and depreciation	**1,096,755**	1,275,773
Share of results of associates		
Share of results before tax	**(8,190)**	(8,221)
Share of income tax expense	**2,174**	1,995
	(6,016)	(6,226)
Reversals of impairment loss on right-of-use assets included in other income and other gains and losses	**(15,952)**	(37,370)
Impairment loss recognised on property, plant and equipment included in other expenses	**1,611**	–
Auditors' remuneration	**5,681**	6,100
Directors' remuneration	**5,076**	5,634
Salaries, wages and other employee benefits of other staff	**1,470,560**	1,740,536
Retirement benefits scheme contribution of other staff	**159,702**	189,569
Total staff costs	**1,635,338**	1,935,739
Impairment losses recognised under ECL model, net of reversal	**291**	2,345
Cost of inventories recognised as expenses (including write-down of inventories amounting to nil (2024: reversal of RMB3,644,000)	**15,665,639**	17,338,195

7. INCOME TAX EXPENSE

	Year ended 31/12/2025 *RMB'000*	Year ended 31/12/2024 *RMB'000*
Current tax on the PRC Enterprise Income Tax ("**EIT**")	**23,304**	28,780
Under (over) provision of PRC EIT in prior years	**921**	(19)
Deferred tax (credit) expense	**(13,713)**	28,077
	10,512	56,838

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% for both years. Certain subsidiaries are entitled to EIT at preferential rate of 15% as those entities are located in the western China. Certain subsidiaries which are identified as small low-profit enterprises are entitled to enjoy preferential EIT rate ranging from 5% to 10%.

	Year ended 31/12/2025 *RMB'000*	Year ended 31/12/2024 *RMB'000*
Loss before tax	**(175,150)**	(251,070)
Tax at PRC EIT tax rate of 25% (2024: 25%)	**(43,788)**	(62,768)
Tax effect of share of results of associates	**(1,504)**	(1,557)
Tax effect of expenses not deductible for tax purpose	**468**	281
Tax effect of income not taxable for tax purpose	**(3,610)**	(2,794)
Tax effect of tax losses not recognised	**144,902**	228,824
Tax effect of deductible temporary differences not recognised	**(34,387)**	(93,717)
Utilisation of tax losses previously not recognised	**(47,066)**	(10,853)
Under (over) provision of PRC EIT in prior years	**921**	(19)
Effect of different tax rates of subsidiaries	**(5,424)**	(559)
Income tax expense for the year	**10,512**	56,838

8. LOSS PER SHARE

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

	Year ended 31/12/2025	Year ended 31/12/2024
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company	**(200,255)**	(358,765)

	Year ended 31/12/2025	Year ended 31/12/2024
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,425,353,000**	1,119,600,000

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

9. TRADE AND BILLS RECEIVABLES

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
Trade receivables – contracts with customers	**223,509**	270,006
Bills receivables	**–**	1,900
Less: impairment loss allowance	**(8,370)**	(9,013)
	215,139	262,893

As at 1 January 2024, trade receivable from contracts with customers amounted to RMB239,429,000.

The aging analysis of the trade receivables net of allowance for credit losses at the end of the reporting period, arising principally from the Group sales of merchandise with credit terms ranging from 30 to 60 days (2024: 30 to 60 days), presented as follows:

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
0-30 days	**198,658**	250,710
61-90 days	**12**	1,189
Over 90 days	**16,469**	9,094
	215,139	260,993

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.

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
0-180 days	**–**	1,900

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.

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
0-180 days	**–**	1,900

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:

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
1-30 days past due	**12**	1,189
More than 30 days past due	**16,469**	9,094
	16,481	10,283

10. TRADE AND BILLS PAYABLES

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
Trade payables	**2,115,038**	2,765,969
Bills payables *(Note)*	**2,006,712**	1,104,924
	4,121,750	3,870,893

Note:

During the years ended 31 December 2025 and 31 December 2024, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the bills to banks. At 31 December 2025, the outstanding balance of such bills which have not been matured was RMB1,990,000,000 (2024: RMB1,100,000,000). The cash flows of such transactions have been presented in cash flow statement as financing activities.

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 (2024: 30 to 60 days), is as follows:

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
0-30 days	**503,378**	769,929
31-60 days	**398,359**	540,407
61-90 days	**321,566**	381,477
Over 90 days	**891,735**	1,074,156
	2,115,038	2,765,969

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:

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
0-180 days	**2,006,712**	1,104,924

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

	31/12/2025	31/12/2024
	RMB'000	*RMB'000*
0-180 days	**2,006,712**	1,104,924

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

In 2025, the global economy navigated through pressure amidst overlapping challenges, such as turbulence in trade policies, fluctuations in financial markets and geopolitical uncertainties. Amid profound and complex changes in the domestic and international market, China's economy forged ahead despite the pressure, towards a bright and promising prospect. China's pursuit of high-quality development was steadily advancing as its 14th Five-Year Plan had been successfully concluded. According to the figures released by the National Bureau of Statistics, China's gross domestic product (GDP) for 2025 leaped to a new height of RMB140 trillion for the first time, representing a year-on-year increase of 5.0%, indicating a successful accomplishment of its annual target. The contribution rate of final consumption expenditure to the economic growth reached 52.0%, while the role of domestic demand in driving China's economy continued to strengthen. Furthermore, the steady growth of China's economy continued to provide critical impetus for the recovery and growth of the global economy. Meanwhile, the sluggish recovery of the global economy, domestic structural contradictions and the pains of transformation intertwined. Affected by multiple internal and external factors, China's economy faced various hurdles as it navigated its way towards a promising future.

In 2025, consumer spending in China continued to recover, with the market size expanding steadily. The total retail sales of consumer goods exceeded RMB50 trillion, with a higher growth rate compared to the previous year, and the role of consumption as the main driver of economic growth became increasingly prominent. From a structural perspective, service consumption showed strong momentum, with such sectors as culture, sports and recreation, transportation and travelling, cultural tourism and healthcare maintaining rapid growth. Meanwhile, goods consumption has demonstrated remarkable resilience bolstered by trade-in policies for automobiles, home appliances, and digital products. At the same time, new consumption channels and models focused on cost-effectiveness, emotional value and experiential needs witnessed accelerated innovation, while holiday spending, inbound consumption, and departure tax refund consumption continued to expand, injecting new vitality into the market. However, it should be noted that, weighed down by a complex macroeconomic environment and subdued income and spending expectations, the recovery of consumer confidence and the release of consumption potential will remain a gradual process. The internal momentum for sustained the continuous expansion of consumption needs to be further strengthened as the path to a comprehensive recovery in consumer demand requires persistent effort.

In 2025, China's physical retail industry generally entered a stage of market saturation. With changes in consumers' shopping habits, the surge of e-commerce, the diversification of new retail formats, and the intensification of market competition, emerging retail channels continued to erode the market share of traditional players. Coupled with high operating costs such as rent and labour, enterprises faced difficulties in seeking differentiation and the challenge of continuously shrinking profit margins, making cost reduction and efficiency improvement a universal industry priority. To address industry-wide challenges, physical retail enterprises, such as the Group, have proactively embraced transformation. By restructuring the supply chain, optimizing product categories, and upgrading the shopping environment, we have focused on service excellence to rebuild competitiveness through a customer-centric approach.

Financial Review

Revenue

During the period under review, the Group's revenue was approximately RMB17,753 million, representing a year-on-year decrease of approximately RMB1,957 million, or approximately 9.9%, which was mainly due to the continuous impact of factors such as shifting consumer shopping habits and the diversification of consumption channels leading to the diversion of customer flow. In addition, adjustments to the Group's overall strategic planning with a focus on core markets in Shanghai and Zhejiang, 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 RMB2,088 million, representing a year-on-year decrease of approximately RMB284 million, or by approximately 12.0%. During the period under review, the overall gross profit margin of the Group was approximately 11.76%, representing a decrease of approximately 0.27 percentage point as compared with the gross profit margin of 12.03% for the corresponding period of last year. The supermarket segment of the Group upgraded its stores as "community life service centers" with a focus on strengthening the supply of low-margin fresh produce and daily necessities to enhance brand influence and the attractiveness of offline outlets.

Other Revenue

During the period under review, the Group's other revenue was approximately RMB1,243 million, representing a year-on-year decrease of approximately RMB459 million, or approximately 27.0%. Due to the overall downsizing of sales operations, related income from suppliers decreased by approximately RMB363 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 scientifically planning functional zones and optimizing layouts, the available leasable area reduced, resulting in a year-on-year decrease of approximately RMB100 million in the rental income from leasing of shop premises.

Other Income and Other Gains and Losses

During the period under review, the Group's other income and other gains amounted to approximately RMB669 million, representing a year-on-year increase of approximately RMB33 million, or approximately 5.2%, which was mainly attributable to the increase of gain on disposal of equity interests in certain subsidiaries arising from the Group's overall strategic planning adjustments, while income from bank deposits and wealth management products decreased year-on-year due to the decline in market interest rates.

Distribution and Selling Expenses

During the period under review, the Group's distribution and selling expenses amounted to RMB3,388 million, representing a year-on-year decrease of approximately RMB602 million, or approximately 15.1%, 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 RMB592 million, representing a year-on-year decrease of approximately RMB124 million, or approximately 17.3%.

Other Expenses

During the period under review, the Group's other expenses amounted to approximately RMB29 million, representing a year-on-year decrease of approximately RMB25 million, or approximately 46.3%.

Share of Results of Associates

During the period under review, the Group's share of results of associates amounted to approximately RMB6 million, remaining stable year on year.

Loss before Tax

During the period under review, the Group's loss before tax amounted to approximately RMB175 million, representing a year-on-year decrease in loss of approximately RMB76 million.

Income Tax Expense

During the period under review, the Group's income tax expense was approximately RMB11 million, representing a year-on-year decrease of approximately RMB46 million.

Loss Attributable to Owners of the Company

During the period under review, the Group's loss attributable to owners of the Company amounted to approximately RMB200 million, representing a year-on year decrease in loss of approximately RMB159 million. During the period under review, the net loss margin was approximately 1.13%, representing a year-on-year decrease in loss margin of 0.69 percentage point. Based on the weighted average number of issued share capital of 1,425.4 million shares of the Group as at 31 December 2025, the basic loss per share was approximately RMB0.14.

Liquidity and Financial Resources

As at 31 December 2025, the Group's cash and balance at the bank amounted to approximately RMB6,888 million.

For the year ended 31 December 2025, the trade payable turnover period of the Group was approximately 56 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 31 December 2025, there were no arbitrage financial instruments in issue by the Group.

Gearing Ratio

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

Growth of Each Retail Business

Hypermarkets

During the period under review, the hypermarket segment recorded a revenue of approximately RMB6,996 million, representing a year-on-year decrease of approximately RMB1,209 million, or approximately 14.7%, and accounting for approximately 39.4% of the Group's revenue. During the period under review, the decrease in revenue was mainly attributable to the Group's strategic adjustments based on its overall development plan, disposal of equity interests in certain subsidiaries and downsizing of unprofitable sales operations, which led to a year-on-year decrease in revenue. On the other hand, the Group's main operating regions of Shanghai and Zhejiang faced intense competition arising from market homogenisation, resulting in the diversion of customer flow across multiple channels.

During the period under review, the hypermarket segment recorded a gross profit of approximately RMB1,004 million, representing a year-on-year decrease of approximately RMB118 million. Gross profit margin increased by 0.69 percentage point year on year to approximately 14.36%. The hypermarket segment implemented strategic adjustments towards a "small-scale and community based" model, which involved optimizing layouts and reducing operating areas. As a result, the rental income from leasing of shop premises decreased by approximately RMB87 million year on year. The income from funds such as bank deposits and wealth management products decreased by approximately RMB51 million year on year due to the decline in market interest rates. During the period under review, the hypermarket segment recorded a consolidated income of approximately RMB1,936 million, representing a year-on-year decrease of approximately RMB577 million, and the consolidated income margin decreased by approximately 2.96 percentage points year on year to approximately 27.67%.

During the period under review, the aggregate of distribution and selling expenses and administrative expenses of the hypermarket segment amounted to approximately RMB1,909 million, representing a year-on-year decrease of approximately RMB467 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 loss of approximately RMB102 million, representing a year-on-year increase in loss of approximately RMB75 million. Operating profit margin decreased by approximately 1.14 percentage points year on year to approximately -1.46%.

	As at 31 December	
	2025	2024
Gross Profit Margin (%)	**14.36**	13.67
Consolidated Income Margin (%)	**27.67**	30.63
Operating Profit Margin (%)	**-1.46**	-0.32

Supermarkets

During the period under review, the supermarket segment recorded a revenue of approximately RMB9,426 million, representing a decrease of approximately RMB589 million or approximately 5.9% year on year, and accounting for approximately 53.1% of the Group's revenue. During the period under review, the supermarket segment focused on precisely addressing community needs as its core. Through the creation of differentiated scenarios and innovations in refined operation models, it comprehensively promoted efficiency improvement.

During the period under review, the supermarket segment recorded a gross profit of approximately RMB932 million, representing a year-on-year decrease of approximately RMB143 million or approximately 13.3%. The supermarket segment upgraded its stores to "community life service centers" with a focus on strengthening the supply of low-margin fresh produce and daily necessities. On the other hand, the slowdown in macroeconomic growth led to more conservative consumer spending, resulting in a decrease in the purchase of high-end non-essential goods. The gross profit margin decreased by approximately 0.85 percentage point year on year to approximately 9.89%. During the period under review, the supermarket segment recorded a consolidated income of approximately RMB1,647 million, representing a decrease of approximately RMB263 million year on year. The consolidated income margin decreased by approximately 1.60 percentage points year on year to approximately 17.47%.

During the period under review, the supermarket segment promoted the discount store model, the incubation period of which had an impact on operating profit. The supermarket segment recorded an operating loss of approximately RMB126 million, representing an increase in loss of approximately RMB118 million year on year. The operating profit margin decreased by approximately 1.25 percentage points year on year to approximately -1.33%.

	As at 31 December	
	2025	2024
Gross Profit Margin (%)	**9.89**	10.74
Consolidated Income Margin (%)	**17.47**	19.07
Operating Profit Margin (%)	**-1.33**	-0.08

Convenience stores

During the period under review, the convenience store segment recorded a revenue of approximately RMB1,272 million, representing a decrease of approximately RMB160 million or approximately 11.2% 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, poorly located, or lease-expiring "tail-end stores" based on the Group's overall strategic planning.

During the period under review, the convenience store segment recorded a gross profit of approximately RMB136 million, representing a decrease of approximately RMB22 million or approximately 13.4% year on year. The gross profit margin decreased by approximately 0.28 percentage point to approximately 10.72%. The convenience store segment recorded a consolidated income of approximately RMB176 million, representing a year-on-year decrease of approximately RMB31 million, and the consolidated income margin decreased by approximately 0.62 percentage point year on year to approximately 13.81%.

During the period under review, the operating loss of the convenience store segment was approximately RMB14 million, representing a year-on-year decrease in loss of approximately RMB33 million, and the operating profit margin increased by approximately 2.19 percentage points year on year to approximately -1.13%.

	As at 31 December	
	2025	2024
Gross Profit Margin (%)	**10.72**	11.00
Consolidated Income Margin (%)	**13.81**	14.43
Operating Profit Margin (%)	**-1.13**	-3.32

Analysis of Financial Results

	Year ended 31 December RMB million		
	2025	2024	YoY Change (%)
Revenue	**17,753**	19,710	-9.9
Gross profit	**2,088**	2,372	-12.0
Consolidated income	**3,999**	4,710	-15.1
Operating loss	**-181**	-257	-29.6
Income tax expense	**11**	57	-81.5
Loss for the year attributable to owners of the Company	**-200**	-359	-44.2
Basic loss per share *(RMB)*	**-0.14**	-0.32	-56.3
Dividend per share *(RMB)*	**Nil**	Nil	N/A

Capital Structure

As at 31 December 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 RMB-130 million, which was primarily due to the increase in share capital of RMB360 million during the period, loss for the year attributable to owners of the Company of approximately RMB200 million, and the decrease in capital reserve of RMB3 million resulting from the disposal of equity interests in certain subsidiaries.

As at 31 December 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 31 December 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	**1,479,600,000**	100.00

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 31 December 2025, the Group did not have any material contingent liabilities.

Reform and Restructuring for Optimizing Governance

During the period under review, the Group adhered to the principle of "strategy implementation, pragmatism and refinement", and continued to optimise its asset layout and corporate governance structure. The Company's reform and restructuring project has been successfully completed, and the governance structure of the Company has been further optimised. In February 2025, the Company completed all procedures for the targeted issuance of 360 million new domestic Shares, increasing the registered capital by RMB360 million, which further enhanced the capital strength of the Group and optimised its capital structure. In November 2025, Shanghai Century Lianhua Supermarket Development Co., Ltd. ("**Century Lianhua**"), a subsidiary of the Company, entered into an equity transfer agreement with Shanghai Dongran Industrial Co., Ltd.*（上海動燃實業有限公司）("**Shanghai Dongran**"), pursuant to which, Century Lianhua sold its entire equity interest in Shanghai Century Lianhua Supermarket Yangpu Co., Ltd.*（上海世紀聯華超市楊浦有限公司）to Shanghai Dongran. The proceeds from the disposal of equity interest of approximately RMB78,286.0 thousand were used in full for the replenishment of working capital. This equity divestment, together with the disposal of equity interests in three companies last year, was based on the overall strategic considerations of the Group's medium to long-term sustainable and healthy development and the enhancement of overall performance, facilitating the Group to better focus on the development of its core businesses in Shanghai and Zhejiang. Meanwhile, in December 2025, conforming to the trend of modern corporate governance, the Company amended its Articles of Association and abolished the Supervisory Committee in accordance with the latest laws and regulations. This adjustment helps the Company effectively optimise its governance structure, reduce governance costs, and enhance the governance efficiency of the Company.

Transformation – Diversified Adjustments and Moving Towards New Horizons

During the period under review, the Group steadily promoted the development and optimisation of outlets. A total of 216 new stores were opened throughout the year (including 63 directly-operated stores and 153 franchised stores), of which 147 new stores were located in the Yangtze River Delta region, accounting for 68.1%. Meanwhile, based on precise market insights, the Group actively streamlined inefficient stores to optimise the outlet structure. A total of 266 stores were closed throughout the year (including 80 directly-operated stores and 186 franchised stores). Through the above-mentioned initiatives, the Group effectively ensured the robustness and flexibility of its outlet layout in a complex market environment, laying a solid foundation for continuously maintaining strategic initiative and achieving long-term development.

Region	Business format	New stores opened during the period under review		Stores closed during the period under review	
		Quantity	Operating Area *(sqm)*	Quantity	Operating Area *(sqm)*
Greater East China	Hypermarkets	0	0.00	1	7,263.00
	Supermarkets	158	65,569.68	135	63,801.30
	Convenience stores	15	890.14	75	3,754.24
North China	Supermarkets	5	3,470.00	0	0.00
	Convenience stores	0	0.00	4	159.79
Northeast China	Hypermarkets	0	0.00	1	8,530.00
	Convenience stores	1	66.00	29	1,451.10
Central China	Hypermarkets	0	0.00	2	17,783.00
	Supermarkets	5	8,150.00	5	5,960.00
South China	Supermarkets	24	6,439.39	11	2,306.69
Southwest China	Supermarkets	3	7,700.00	1	2,080.00
Northwest China	Supermarkets	5	3,910.00	2	1,310.00
Total		216	96,195.21	266	114,399.12

Notes:

1. The above data is as at 31 December 2025;

2. Since January 2025, 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)and their 35 affiliated stores are no longer included in the consolidated financial statements of the Company, and the existing, newly opened, and closed status of the relevant stores are also not included in this statistical caliber.

As at 31 December 2025, the Group had a total of 3,067 stores. Excluding the impact of incomparable factors, the number of outlets recorded a net decrease of 50 stores as compared to the end of 2024. Approximately 83.9% of the Group's stores are located in Greater East China.

Business format	**As at 31 December 2025**		
	Directly-operated	**Franchised**	**Subtotal**
Hypermarkets	96	–	96
Supermarkets	857	1,455	2,312
Convenience stores	251	408	659
Total	1,204	1,863	3,067

During the period under review, the Group established the strategic direction of "multi-store exploration, differentiated benchmarks, and model innovation (多店探索、差異樣板、模式創新)", and reshaped the future form of the hypermarket segment by constructing three differentiated store models: "Community benchmark stores" focused on health, lively atmosphere and convenience attributes, integrated elderly-friendly care, and created a warm community neighborhood center; "Value stores" took high cost-effectiveness as the core, and precisely responded to the surrounding residents' demand for quality and affordability by increasing the proportion of proprietary brands, streamlining the product structure and upgrading experiential formats; "Miniaturisation transformation of hypermarkets" broke through the traditional large-store model, carefully selected core livelihood commodities, integrated diversified formats such as parent-child and life services, constructed a complementary ecosystem of "supermarket + services", and created a more flexible community commercial entity. 0 new stores were opened and 4 stores were closed throughout the year, resulting in a net decrease of 4 outlets.

During the period under review, the Group established the core strategy of "example-to-network rollout, fresh produce-driven, and benchmark-led (點面結合、生鮮驅動、標杆引領)" to comprehensively promote the high-quality development of the supermarket segment: On the one hand, it deeply cultivated the fresh produce drive on the "network" level: it promoted the adjustment and reform of fresh produce in stores across the board, and opened up the full-chain closed loop of "direct procurement from bases – store upgrading". By restructuring the product structure and operating logic, and strengthening the attributes of livelihood services, it successfully achieved a dual growth in customer traffic and sales. On the other hand, it strengthened benchmark leadership on the "example" level: it iteratively upgraded benchmark stores, focused on reshaping spatial layout, price benchmarking and product adaptation, and polished a rapidly replicable standardised operation model, significantly enhancing the overall regional operational efficiency through leading by example. In terms of outlet layout, 200 new stores were opened throughout the year, including 57 directly-operated stores and 143 franchised stores; 154 inefficient stores were proactively closed, including 32 directly-operated stores and 122 franchised stores, achieving a net increase of 46 outlets.

During the period under review, the Group actively sorted out inefficient stores for the convenience store segment, and made strategic optimisation and adjustments to stores in certain regions to adapt to market changes. 16 new stores were opened throughout the year, including 6 directly-operated stores and 10 franchised stores; 108 stores were closed, including 44 directly-operated stores and 64 franchised stores; resulting in a net decrease of 92 outlets.

Product: Deep Reform & Innovation Drive

During the period under review, the Group closely followed the core product strategy of "Deep Reform & Innovation Drive", and took the reshaping of a new supply chain as the key engine to comprehensively build the core competitiveness of products. The Group innovatively implemented the "1+1+1" three-tier hit product incubation strategy, that is, focusing on "1 strategic JBP large single product + 1 growing brand large single product + 1 cultivating proprietary brand (PB) large single product", to create a core single product matrix with clear levels and relay growth. At the same time, the Group launched a special cultivation plan for "Top 100 Single Products" in key regions, and promoted the implementation of the strategy through resource allocation and precise operations. It realised the transformation of the supply chain from "passive response" to "proactive leadership", continuously fortified the product moat, and injected strong momentum into innovation development.

During the period under review, the Group made multi-dimensional efforts in the fields of product innovation and marketing, successfully created multiple operational highlights, and achieved a simultaneous enhancement of brand influence and sales effectiveness. The "Premium Selection(金牌挑手)" series gained outstanding market buzz and consumer recognition through a combined strategy of omni-channel layout, scenario-based pop-up operations, and hot-spot linked communication; Featured exhibitions deeply linked core resources of origins, introduced high-quality regional characteristic agricultural products, effectively activated terminal customer traffic, and achieved a synergistic enhancement of brand reputation and sales performance; The annual core hit product incubation precisely anchored the positioning of seasonal, high-quality, and highly cost-effective hit products. Relying on omni-channel differentiated operations and the creation of immersive consumption experiences, it successfully launched phenomenal single products, and in the process, accumulated a reusable hit product incubation methodology system.

During the period under review, the Group actively promoted regional companies to base themselves on local endowments and implement differentiated category operations. Zhejiang region deeply cultivated core fresh produce categories, promoted standardised category operations, deepened the large single product strategy, and achieved a dual enhancement of operational efficiency and proprietary brand value; Guangxi region focused on the construction of an independent supply chain, and effectively enhanced the core competitiveness of products and improved the overall profitability level through refined cost control and price strategy optimisation.

Marketing – Ten-Billion Traffic and Gold-Standard Audience Expansion (百億引流　金牌破圈)

During the period under review, the Group advanced its core marketing strategy—"Ten-Billion Traffic and Gold-Standard Audience Expansion"—implementing multi-dimensional initiatives that delivered double breakthroughs in both traffic and sales performance. On the one hand, the Group prioritized key categories and key products through the precision distribution of consumer vouchers, while spearheading themed marketing under the "Bailian Shanghai Quality Goods (百聯滬上優品)" brand. By capitalizing on the viral "Chef of China (一飯封神)" IP, these efforts effectively accelerated sales conversion. On the other hand, it deepened marketing synergy with core JBP suppliers, carried out more than 20 thematic activities throughout the year, and significantly enhanced brand buzz and effectively attracted young customer groups to stores through the dual empowerment of celebrity effects and popular resources.

During the period under review, the Group effectively enhanced brand influence and user loyalty through full-chain marketing layout and regional precise operations, laying a solid foundation for performance growth. On the one hand, the Group actively integrated subsidy resources from third-party platforms and superimposed its own selected promotional resources, significantly enhancing the competitiveness of its online business. This move achieved remarkable results on mainstream platforms such as Meituan and Taobao Flash Sales, driving a substantial increase in customer traffic and order volume. On the other hand, the Group deeply advanced regional differentiated operations. In the Zhejiang region, through continuous deep cultivation of member operations, it achieved rapid expansion of the global member scale and high-speed growth of transaction volume in new media channels, among which the Douyin local life business standing out as a particular highlight. In the Guangxi region, it attracted customers through new media content marketing and product trial customer acquisition, and combined with the rejuvenation of terminal scenarios, successfully strengthened the hit product mindset, driving counter-trend growth in customer traffic at some stores.

Cost Control – Focusing on Key Areas and Refined Control

During the period under review, the Group closely followed the core cost control strategy of "Focusing on Key Areas and Refined Control", took lean cost management as the starting point, implemented systematic control over full-chain expenses, and focused on tackling rental costs, a core rigid expenditure, with remarkable results. During the period under review, through full-dimensional sorting, the Group built a closed-loop control system of "global screening – precise tackling – long-term solidification", locked in target stores for rent optimisation by region and business format in layers, and coordinated various regions to carry out professional rent reduction negotiations in combination with operating data and fair market conditions. At the same time, it replicated and promoted mature experiences in core regions, and embedded standardised control clauses in lease renewals and new signings to achieve normalised and long-term management of rental costs. Various regions efficiently collaborated to promote the implementation of various initiatives, effectively reducing the burden on the Group's overall operations and alleviating operational pressure. Furthermore, through systematic control, it continuously optimised the cost structure, enhanced operational resilience and profit margins, and laid a solid cost foundation for the implementation of the Group's overall strategy.

Digitalisation – ABI-Driven and Proactive Insights

During the period under review, the Group achieved a strategic leap in digital capabilities from "passive data presentation" to "proactive business insights" through four core initiatives: "ABI intelligent report analysis platform, store workbench, knowledge base + intelligent Q&A, and precision marketing". First, the officially launched "ABI intelligent report analysis platform" constructed a panoramic data report of "business + finance + operations" through a multi-dimensional linked data system, achieved cross-departmental data synergy and caliber consistency, and generated actionable business improvement suggestions relying on AI algorithms; Second, the "store workbench", which has entered the pilot stage, synchronously built full-chain closed-loop management capabilities, covering the full-process digital operations of fresh produce categories from procurement and supply, logistics and distribution, store acceptance to headquarters control. It achieved refined management and efficient synergy through scenario-based empowerment, while continuously optimising business processes with data-driven feedback; Third, the continuously advanced "precision marketing" project generated personalised marketing videos and copywriting content with the AI technology, and carried out intelligent and precise delivery across multi-channel digital media based on profiles; Fourth, the continuously iterated "knowledge base + intelligent Q&A" system provided 24-hour instant knowledge support for store employees, effectively achieving cost reduction and efficiency improvement.

Employment, Training and Development – Improving Quality, Increasing Efficiency, Reducing Costs and Increasing Profits

As at 31 December 2025, the Group had a total of 18,630 employees. The total labour costs amounted to approximately RMB1,635,338 thousand.

During the period under review, the Group acted in full strength from organisational optimisation, employment management and control and salary incentive to talent construction by focusing on the core human resources strategy of "improving quality, increasing efficiency, reducing costs and increasing profits", achieving a significant improvement in the efficiency of human capital. In terms of improving organisational and personnel efficiency, the Group completed the structural integration and functional merger between the headquarters and the core areas, and incorporated the e-commerce business module into the digital operation system for unified management, further strengthening the cross-departmental collaboration foundation. In terms of staffing and employment management, the Group optimised the staffing of stores and piloted flexible employment through the dual-track parallel of total precise control and flexible employment mode, effectively controlling the rigid cost while enhancing the flexibility of employment and improving the efficiency of human capital. The integration of the salary and welfare system and the improvement of the subsidy system, which were promoted synchronously, further enhanced employees' sense of acquisition. The Group also built a systematic training system based on business needs to continuously improve the professional competence of employees and the overall efficiency of the organisation. In terms of the performance and incentive level, the Group expanded the incentive coverage by upgrading the assessment rules and implementing the incentive mechanisms such as "super partner", effectively stimulating the organisational vitality. In terms of the construction of cadre team, the Group continuously optimised the age structure and the echelon configuration, accelerated the development of key talents through job rotation and cross-departmental exchanges, and strengthened the mechanism of employment supervision and talent evaluation, thus solidifying the foundation for organisational talents. The Group not only intensified its support for the realisation of the operation goal of "reducing costs and increasing profits" through the above comprehensive and systematic human resources measures, but also provided a solid talent and organisational guarantee for the implementation of the strategy through the overall upgrading of organisational capabilities.

Major Risks

The business, financial position, operating results and prospects may be affected by risks and uncertainties relating to the Group's business. The Group incorporates its risk management procedures into the formulation of strategies, business planning, investment decision-making, internal control and day-to-day operation management. The major risks encountered by the Group and the mitigating measures are set out below:

Operational Risk

At present, the physical retail industry has entered the stage of stock competition, consumers' shopping habits have shifted towards online stores, e-commerce channels have penetrated deeply, and new business formats such as member stores and discount stores have accelerated the diversion of market share. Affected by the complexity of macro-economic environment and weak expectations of residents' income and expenditures, the consumption will recover at a slow pace, with consumption decision-making being more rational and overall sales growth under pressure. In terms of the supply chain, there is still room for improvement in the consumer adaptability of the Group's product development, differentiated procurement and self-owned brand operation, and the loss control and the operational efficiency is subject to optimisation. In the process of supply chain integration and digital upgrading, the Group may face phased adaptation and adjustment, and the coordinated timing of enterprise transformation and consumption change also requires adaptation. In the face of industry competition, weakened market demand and potential challenges in the optimisation of supply chain, the Group continued to promote strategic transformation, but there were still uncertainties in the recovery of sales scale and comprehensive income, and the pressure on market share may continue.

Mitigating Measures

In view of the above risks, the Group will adhere to the "consumer-centered" principle to strive to build a differentiated product system and immersive scenario experience to stabilise and expand its core customer base. The Group will deepen the improvement of stores and the innovation of business formats, strengthen the capacity building of the fresh produce supply chain and the development of its own brand, and improve the product power and the operational efficiency. The Group will comprehensively promote cost reduction and efficiency improvement, accelerate the construction of the whole chain of digital empowerment business, optimise the organisational structure and the incentive mechanism, and stimulate the endogenous motivation of the team. Through the overall implementation of strategic transformation projects, the Group will promote the coordinated efforts of scenarised transformation, supply chain upgrading and diversified innovation, realise the supply of high-quality goods and the construction of modern retail system, steadily improve the quality and efficiency of operations, and practice the corporate vision of "increasing our customers' loyalty to us" (讓消費者更喜愛我們).

Risks of Development of Sales Network

Due to the intensified competition in the supermarket retail industry, the online retail continuously replaced the retail share of the offline market, and the offline market was gnawed away by new business format models. The Group adjusted its overall strategic planning, improved the overall quality of sales network, and closed some stores, resulting in a decrease in overall sales scale.

Mitigating Measures

The Group focused on the core area of the Yangtze River Delta region and promoted the transformation and empowerment of the main business formats through multi-dimensional improvement and reform measures, achieving the optimisation and upgrading of business formats: the hypermarket segment continued to transform towards "small-scale and community-based" stores, the supermarket segment adopted a more refined operation mode, the convenience store segment maintained stable scale development, and the franchise business developed towards intensification. On the one hand, the Group steadily advanced the expansion of outlets. The Group opened a total of 216 new stores, and 147 of the new stores were located in the Yangtze River Delta region, accounting for 68.1% of the new stores. On the other hand, in order to adapt to changes in the market environment and improve the overall quality of outlets, the Group actively sorted out inefficient outlets in an orderly manner, promoted the optimisation of outlet structure and the improvement of cost efficiency. A total of 266 stores were closed. The total number of outlets of the Group at the end of the reporting period was 3,067, representing a net decrease of 50 outlets as compared with the end of last year.

Risks of Organisation and Incentive Plan

The organisation structure is required to be further optimised, and the efficiency of management and configuration is still required to be improved. We are still facing difficulties such as ageing staff structure, overall low income of staff and insufficient incentives in remuneration. The talent shortage in key positions still exists. There is a challenge to strike a balance between talent reserve and labour cost control.

Mitigating Measures

The Group promoted the organisational reorganisation plan of the headquarters and its member enterprises, and improved the efficiency of management and allocation. The Group further optimised the organisational structure and dynamically optimised the staffing model, so that the labour cost was further controlled within the budget. The Group pushed forward the construction of a younger professional echelon team in the headquarters, built a competency model and a cultivation system for key positions, and deepened the post-job cultivation mechanism for management trainees. The Group made innovation in the incentive model, optimised the evaluation rules and strengthened the performance linkage.

Risks of Digital Transformation and Process Recreation

The Group has fully activated the digitisation project. However, there is still room for improvement for the business process and operational model supported by the new system. Business rules are required to be further improved. The business reform and model innovation have not been followed up simultaneously.

Mitigating Measures

The Group promoted the comprehensive digital empowerment, deeply integrated the whole business chain, comprehensively promoted the process of Lianhua's digital intelligence by taking data as the cornerstone and AI as the engine, built multi-format and multi-channel product and supply chain management, established a cloud library of product digital assets, piloted one-stop management of store operations, realised digital closed loop of the full link of fresh produce, realised the automatic replenishment of products, intelligently controlled inventory health, and launched an AI+BI (artificial intelligence + business intelligence) intelligent report analysis platform.

Compliance Risk Management

The Corporate Compliance Team of the Group, together with the Group's legal advisers, regularly reviews compliance with relevant laws and regulations, compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), disclosure requirements and compliance with the Group's standards of monitoring practices.

Foreign Exchange Risk Management

Most of the income and expenditures of the Group are denominated in Renminbi. 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.

Strategy and Planning

The year 2026 is the first year of China's "15th Five-Year Plan". It is of great strategic significance to increase efforts in economic task and achieve a "good start". It is expected that the Chinese government will continue its positive orientation, make efforts to promote balanced development of both ends of supply and demand, and lay a solid foundation for high-quality development. It is expected that China's consumer market will show the distinct characteristics of "rational upgrading" and "experience revitalisation" in parallel, and the Chinese government will continue to promote the evolution of consumer behavior towards the online, content and socialisation directions, and drive the transformation of consumption structure from restorative growth to quality and efficiency improvement.

To this end, in 2026, the Group will make great efforts to promote the transformation of its operation model from the traditional operation paradigm to the new paradigm of "focusing on customer demand and aiming at sustainable growth", and lay a solid foundation for development through four core transformations, so as to fundamentally shape the core competitiveness of supermarkets for the future: firstly, the profit model will gradually shift from channel fee dependence to comprehensive income improvement; secondly, the operation orientation will gradually shift from supplier-driven to consumer demand-driven; thirdly, the focus of value will gradually shift from scalable sales expansion to single-store profitability and quality improvement; fourthly, the growth logic will gradually shift from cost control driving to value growth driving.

In 2026, the Group will continue to focus on the core goal of steady revenue growth, adhere to the principle of customer-oriented thinking, and deepen the precipitation of Lianhua brand's value. We will rely on the chain-oriented network layout and the mature store type system to enhance the product power, service capabilities and operational capabilities through digital comprehensive empowerment. Meanwhile, we will cohere the consensus of organisational culture, and strengthen the dual-wheel driving of organisational power and cultural power, so as to ensure the effective achievement of the Group's strategic goals. To this end, the Group will take a series of strategic measures: firstly, the Group will improve the strategic layout of brand, temper the brand mind, and comprehensively enhance the product power to build differentiated advantages. Meanwhile, the Group will improve the customer service experience to enhance the brand stickiness, and strengthen the overall operation capability to improve the efficiency of stores. On this basis, the Group will deepen the construction of store model to consolidate and expand the scale of outlets, promote the in-depth integration of digitalisation and the whole business chain, and accurately focus on real-time retail opportunities to improve the efficiency of online business. In addition, the Group will stimulate the endogenous motivation by activating agile teams, systematically coordinate strategic transformation projects to ensure the implementation of key projects, and deepen compliance management to build a comprehensive risk control system and lay a solid foundation for safe development.

In 2026, the Group will take "empowerment with digital intelligence, quality and efficiency improvement" as the core development guideline, solidify the foundation for development in deeply cultivating the main business, and explore new opportunities for growth through innovative breakthroughs. The Group will continue to consolidate its core competitive advantages, comprehensively improve its operating quality and efficiency, and strive to reach a new level of high-quality development. With the high-spirited attitude of "starting a new journey with wisdom and intelligent technology and working together to create brilliance", the Group will work hand in hand with all colleagues to jointly write a brand-new glorious chapter of the Group's development.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company for the year ended 31 December 2025.

Final Dividend

The board of Directors (the "**Board**") of the Company recommends not to distribute final dividend for the year ended 31 December 2025.

Subsequent Events

Save as disclosed in this announcement, no other significant events subsequent to the end of the period under review and up to the date of this announcement that might have a material impact on the operating and financial performance of the Group need to be disclosed.

Audit Committee

The audit committee has reviewed the 2025 annual results and confirmed that they are prepared in accordance with the applicable accounting standards, laws and regulations and appropriate disclosures have been made.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 30 March 2026. The work performed by Deloitte in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte on this announcement.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the 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 and supervisors. After specific enquiries to all the Directors and supervisors, the Board is pleased to confirm that all the Directors and supervisors have fully complied with the provisions under the Model Code during the period under review.

Compliance with the Corporate Governance Code in Appendix C1 of the Listing Rules

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

The code provision B.2.2 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 ("**Articles of Association**") provides that each director shall be appointed at the general meeting of the Company and for a term of not more than three years, and 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 contains no express provision for the mechanism of directors' retirement by rotation. Thus, the Company deviated from the aforementioned provision of the Code.

The code provision C.1.6 (which has been re-numbered as code provision C.1.5 since 1 July 2025) is regarding the non-executive directors' regular attendance and active participation in board meetings and 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.

Ms. Shen Chen, a non-executive Director, and Mr. Cao Hai-lun, a non-executive Director, were unable to attend the 2025 extraordinary general meeting of the Company convened on 18 December 2025 (the "**2025 EGM**") due to their other business commitments.

Ms. Shen Chen, a non-executive Director, and Mr. Cao Hai-lun, a non-executive Director, were unable to attend the thirteenth meeting of the eighth session of the Board convened on 18 December 2025 by the Company due to their other business commitments.

Ms. Shen Chen, a non-executive Director, Mr. Cao Hai-lun, a non-executive Director, and Mr. Chen Wei, an independent non-executive Director, were unable to attend the fourteenth meeting of the eighth session of the Board convened on 30 March 2026 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 matters considered at the Board meetings were ordinary matters or special matters and all resolutions were passed smoothly. The Company sent the related minutes of the relevant meeting subsequently to all members of the Board to enable the Directors who were unable to attend the meeting to understand the resolutions passed at the meeting.

Moreover, the Company has provided the relevant materials relating to the 2024 AGM and the 2025 EGM (collectively referred to as the "**2025 General Meetings**") to all members of the Board before the 2025 General Meetings. All ordinary resolutions and special resolutions considered at the 2025 General Meetings were passed smoothly. The Company sent the related minutes of the 2025 General Meetings to all members of the Board after the 2025 General Meetings so that the Directors who were unable to attend the meetings were able to understand the resolutions passed at the meetings.

Publication of Annual Report

The annual report of the Company will be published on the website of The Stock Exchange of Hong Kong Limited and the Company respectively and will be despatched to the shareholders of the Company who have requested to receive printed copies in due course.

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

Shanghai, the PRC, 30 March 2026

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

Executive Directors:	*Wang Xiao-yan and Zhang Hui-qin;*
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.*