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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
VERY SUBSTANTIAL ACQUISITION, CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

SUPPLEMENTAL AGREEMENT TO SINGLE ASSET MANAGEMENT CONTRACT

THE 2026 SUPPLEMENTAL AGREEMENTS

Reference is made to (i) the announcement of the Company dated 23 April 2021 and the circular of the Company dated 27 May 2021 in relation to the Investment and Wealth Management Cooperation Framework Agreement entered into between the Company and Shanghai Securities; and (ii) the announcement of the Company dated 27 September 2023 and the circular of the Company dated 6 November 2023 in relation to the 2023 Supplemental Agreement dated 27 September 2023 entered into among Lianhua Huashang, Shanghai Securities and the Custodian Bank in respect of the Single Asset Management Contract. Pursuant to the Investment and Wealth Management Cooperation Framework Agreement, Lianhua Huashang, a subsidiary of the Company, entered into the Single Asset Management Contract dated 8 July 2021 with Shanghai Securities and the Custodian Bank in relation to the establishment of the Scheme and the investment and management of the Entrusted Assets by Shanghai Securities for the benefit of Lianhua Huashang. As the current term of the Single Asset Management Contract (as supplemented by the 2023 Supplemental Agreement) will expire on 31 December 2026, Lianhua Huashang entered into the 2026 Supplemental Agreements with Shanghai Securities and the Custodian Bank on 20 November 2026 (after trading hours) to further renew and amend the Single Asset Management Contract for a further term of three years commencing from 1 January 2027 and ending on 31 December 2029, both days inclusive. Pursuant to the 2026 Supplemental Agreements, among other things, (i) with effect from 1 January 2027, the total principal amount of the Entrusted Assets under the Scheme will be adjusted to RMB675 million; and (ii) Shanghai Securities will continue to invest and manage the Entrusted Assets entrusted by Lianhua Huashang on a discretionary basis in accordance with the applicable laws and regulations, regulatory requirements and the investment scope and guidelines under the Single Asset Management Contract (as supplemented).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Entrusted Assets under the 2026 Supplemental Agreements exceed 100%, the entering into of the 2026 Supplemental Agreements and the transactions contemplated thereunder constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Bailian Group is a substantial Shareholder, and Shanghai Securities is a subsidiary of Bailian Group. Accordingly, Shanghai Securities is a connected person of the Company under Chapter 14A of the Listing Rules. The provision of the Entrusted Assets to Shanghai Securities for investment and management under the 2026 Supplemental Agreements constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in respect thereof exceed 5%, such connected transaction is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The management fee and performance fee payable by Lianhua Huashang to Shanghai Securities under the Single Asset Management Contract (as supplemented), constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the highest proposed annual cap for such continuing connected transactions is more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the entering into the 2026 Supplemental Agreements and the transactions contemplated thereunder.

As at the date of this announcement, Bailian Group and its associates, including Shanghai Bailian, held approximately 873,869,400 Shares, representing 59.06% of the issued share capital of the Company. Shanghai Securities, being a proposed party to the 2026 Supplemental Agreements and a subsidiary of Bailian Group, has material interests in the transactions contemplated thereunder. Therefore, Bailian Group and its associates, including Shanghai Bailian, are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the 2026 Supplemental Agreements.

Save as disclosed above, no other Shareholders would be required to abstain from voting to approve the resolutions in relation to the 2026 Supplemental Agreements at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the relevant connected transactions) will be formed to advise the Independent Shareholders on the 2026 Supplemental Agreements. The Company has appointed VBG as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the 2026 Supplemental Agreements in accordance with the Listing Rules.

A circular containing, among other things, (i) further details of the 2026 Supplemental Agreements and the transactions contemplated thereunder; (ii) a letter of recommendations from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or around 25 November 2026.

I. BACKGROUND

Reference is made to (i) the announcement of the Company dated 23 April 2021 and the circular of the Company dated 27 May 2021 in relation to the Investment and Wealth Management Cooperation Framework Agreement entered into between the Company and Shanghai Securities; and (ii) the announcement of the Company dated 27 September 2023 and the circular of the Company dated 6 November 2023 in relation to the 2023 Supplemental Agreement dated 27 September 2023 entered into among Lianhua Huashang, Shanghai Securities and the Custodian Bank in respect of the Single Asset Management Contract. Pursuant to the Investment and Wealth Management Cooperation Framework Agreement, Lianhua Huashang, a subsidiary of the Company, entered into the Single Asset Management Contract dated 8 July 2021 with Shanghai Securities and the Custodian Bank in relation to the establishment of the Scheme and the investment and management of the Entrusted Assets by Shanghai Securities for the benefit of Lianhua Huashang. As the current term of the Single Asset Management Contract (as supplemented by the 2023 Supplemental Agreement) will expire on 31 December 2026, Lianhua Huashang entered into the 2026 Supplemental Agreements with Shanghai Securities and the Custodian Bank on 20 November 2026 (after trading hours) to further renew and amend the Single Asset Management Contract for a further term of three years commencing from 1 January 2027 and ending on 31 December 2029, both days inclusive. Pursuant to the 2026 Supplemental Agreements, among other things, (i) with effect from 1 January 2027, the total principal amount of the Entrusted Assets under the Scheme will be adjusted to RMB675 million; and (ii) Shanghai Securities will continue to invest and manage the Entrusted Assets entrusted by Lianhua Huashang on a discretionary basis in accordance with the applicable laws and regulations, regulatory requirements and the investment scope and guidelines under the Single Asset Management Contract, as supplemented by the 2026 Supplemental Agreements.

As at 31 August 2026, the balance of net assets of the Scheme in the escrow account maintained by the Custodian Bank was approximately RMB1,385 million. Upon expiration of the 2023 Supplemental Agreement, the portion of the net assets of the Scheme in excess of the entrusted assets under the renewed asset management arrangement, being RMB675 million, will be redeemed, while the RMB675 million entrusted assets under the renewed asset management arrangement will continue to be managed and allocated under the Scheme in accordance with the 2026 Supplemental Agreements.

The Scheme is an existing fund-of-funds single asset management scheme established in July 2021. Lianhua Huashang is, and will remain during the renewed term, its sole entrusting party and investor. The Entrusted Assets are held in a segregated account in the name of the Scheme with the Custodian Bank. Shanghai Securities shall manage the Entrusted Assets in accordance with the investment policy, investment restrictions and risk-control requirements disclosed below, including the additional Investment Restriction applicable from 1 January 2027. Throughout the renewed term, the Company will, through Lianhua Huashang, monitor on an ongoing basis each subsequent investment in an underlying product and/or allocation adjustment under the Scheme and comply, in respect of each such transaction, with all applicable requirements under Chapters 14 and 14A of the Listing Rules, including, but not limited to, the reporting, announcement and Shareholders' or Independent Shareholders' approval requirements and the applicable aggregation requirements. The Company intends that none of the applicable percentage ratios in respect of any subsequent investment and/or allocation adjustment, whether considered individually or aggregated as required under the Listing Rules, will exceed 5%. This intention does not limit the Company's obligation to comply with the applicable Listing Rules requirements for each subsequent transaction.

II. 2026 SUPPLEMENTAL AGREEMENTS

1. Principal Terms

The principal terms of 2026 Supplemental Agreements are summarised below:

Date: 20 November 2026

Parties: (1) Lianhua Huashang (as entrustor);

(2) Shanghai Securities (as Manager); and

(3) the Custodian Bank (as custodian)

Term: The term of 2026 Supplemental Agreements shall be three years commencing from 1 January 2027 to 31 December 2029 (both days inclusive).

Entrusted Assets: Under the 2026 Supplemental Agreements, with effect from 1 January 2027, Lianhua Huashang agreed to adjust the total amount of Entrusted Assets to RMB675 million.

Subject to the terms and conditions of the Single Asset Management Contract (as supplemented), based on the market conditions, Lianhua Huashang shall have the right to withdraw the Entrusted Assets by serving written redemption notice upon Shanghai Securities copying the Custodian Bank at least three business days before the application date of the withdrawal, provided that, the total amount of Entrusted Assets after withdrawal shall not be less than RMB10 million. During the extended term of the Single Asset Management Contract (as supplemented), in the event of shortfall of the total amount of Entrusted Assets as a result of withdrawal, Lianhua Huashang may replenish the Entrusted Assets, provided that, the total principal amount of Entrusted Assets after addition made thereto shall not exceed RMB675 million (being the principal of the assets entrusted under the Scheme in accordance with the terms of the Single Asset Management Contract (as supplemented)).

Asset Management and Investment Services:	Pursuant to the Single Asset Management Contract (as supplemented), Shanghai Securities shall invest and manage the Entrusted Assets in accordance with the applicable laws and regulations, regulatory requirements, the investment policy and restrictions set out below, including the Investment Restriction applicable from 1 January 2027: The Scheme is a fund-of-funds asset management scheme that aims to primarily invest more than 80% of its total assets in asset management products issued by institutions subject to the supervision of the financial regulatory authorities under the State Council including, but not limited to, publicly offered securities investment funds, asset management products issued by fund management companies and their subsidiaries, asset management products issued by futures companies and their subsidiaries, asset management plans of securities companies and their subsidiaries, asset management plans issued by insurance companies and their subsidiaries, asset management products issued by commercial banks and their asset management subsidiaries, trust plans, and asset management products issued by private fund managers registered with the AMAC.

In particular, the investment scope comprises:

(1) fixed-income assets: including, but not limited to, cash, bank deposits, money market instruments, money market funds, bond reverse repurchase, inter-exchange and inter-bank listed and traded treasury bonds, local government bonds, enterprise bonds（企業債）, corporate bonds（公司債）, various types of financial bonds (including sub-ordinated bonds and hybrid capital bonds), central bank notes, inter-bank certificates of deposit, convertible bonds (including segregable trading bonds), exchangeable bonds, various types of debt financing instruments approved and registered for issuance by NAFMII (e.g., super-short-term commercial paper (SCP), short-term commercial paper (CP), mid-term notes (MTN), pooled notes, pooled bonds, asset-backed notes (ABN) and private placement notes (PPN)), private corporate bonds, asset-backed securities (ABS), bond funds, fixed-income asset management plans issued under the supervision of the financial regulatory authorities under the State Council, and other fixed-income assets;

(2) equity assets: including, but not limited to, A-share stocks (including primary market subscription and secondary market purchase and sale) traded in the market of SSE and SZSE according to PRC laws and regulations and publicly issued and listed (exclusive of ST stocks), equity funds, hybrid funds (including ETFs and LOFs), and equity asset management products issued under the supervision of the financial regulatory authorities under the State Council;

(3) hybrid asset management products issued under the supervision of the financial regulatory authorities under the State Council;

(4) futures and derivatives asset management products (excluding investment in over-the-counter derivatives) that are subject to regulation and issuance by the financial regulatory authorities under the State Council; and

(5) bond positive repurchase.

For the avoidance of doubt, the investment scope of the Scheme under the Single Asset Management Contract (as supplemented) does not include unlisted equity investments. Shanghai Securities is not authorised to invest, and has not historically invested, in any unlisted equity investments through the Scheme. The references to equity assets within the investment scope of the Scheme refer to assets and products permitted under the contractual investment scope disclosed above, and should not be read as including equity interests in unlisted companies, private equity, equity interests in unlisted enterprises or other unlisted equity investments of a similar nature.

The ratio of the investment portfolio under the Scheme shall strictly comply with relevant laws and regulations, and shall satisfy the following requirements: (1) fixed-income assets shall account for 0% to 80% (exclusive) of the total assets of the Scheme, of which (a) the proportion of investment in other than currency fund, bond funds or fixed-income asset management plans subject to the supervision and issuance of the financial regulatory authorities under the State Council shall account for 0% to 20% (exclusive) of the total assets of the Scheme, and (b) the balance of the financed funds raised from bond positive repurchase shall not exceed 100% of the net asset value of the Scheme on the previous day, and the balance of the financed funds used in bond reverse repurchase shall not exceed 100% of the net asset value of the Scheme on the previous day, unless otherwise stipulated by the relevant laws, regulations and policies; (2) equity assets shall account for 0% to 50% (exclusive) of the total assets of the Scheme; (3) the value of contracts for positions in futures and derivatives shall account for not less than 20% of the total assets of the Scheme, and the interest in futures and derivatives accounts shall account for not more than 50% (inclusive) of the total assets of the Scheme; (4) the Manager shall carry out penetration calculations on the investment ratios of the above types of assets, and the source of data for the penetration calculations shall be based on the latest valuation data provided by the asset management products in which the investments are made.

Investment restrictions:

Investment Restriction

With effect from 1 January 2027, pursuant to the Single Asset Management Contract (as supplemented), the aggregate amount invested by the Scheme in (i) the same underlying product and (ii) underlying products managed by the same underlying fund manager shall, in each case, not exceed 3.0% of the Reference Market Capitalisation. The aggregate amount is calculated by reference to subscriptions and additional subscriptions over a rolling 12-month period, including the proposed investment, without deduction for maturities, redemptions or exits. The Investment Limit is additional to the other applicable investment restrictions and does not replace the Company's obligations under Chapters 14 and 14A of the Listing Rules. The calculation and notification arrangements are set out under section headed "Weekly calculation and notification of the Investment Limit" below.

Prohibited investments, exposure control and use of derivatives and repurchase transactions

Under Single Asset Management Contract (as supplemented), (i) the Scheme shall not invest in ST stocks, securities subject to delisting risk warning, subordinated asset backed securities or other restricted or prohibited assets; (ii) derivatives shall be used primarily for hedging and risk-management purposes rather than directional speculation; and (iii) bond repurchase transactions shall be used primarily for liquidity management purposes rather than increasing directional leverage.

The Scheme will be managed within the investment scope, investment ratio restrictions, gross exposure control, leverage requirements and derivatives usage requirements under the Single Asset Management Contract (as supplemented). The Scheme is expected to maintain a relatively low risk profile, with low volatility and low drawdown as its core investment objective.

The Company will, through Lianhua Huashang, monitor compliance with the investment policy, restrictions, Investment Restriction and Investment Limit, and assess each underlying transaction under the procedures set out under section headed "Underlying transaction compliance and conflicts of interest" below.

Asset Custody Services:

The Custodian Bank shall open an escrow account in the name of the Scheme for the Entrusted Assets and a securities account or other specific account for specific use by the Scheme. Lianhua Huashang will deposit the Entrusted Assets in the escrow account, and the Custodian Bank shall provide asset custody services to Lianhua Huashang and Shanghai Securities in respect of the Entrusted Assets, perform its investment supervision obligation and arrange payments in accordance with the terms and conditions under the Single Asset Management Contract (as supplemented).

Distribution of Returns:	Profit of the Scheme refers to the balance of interest income, investment income, gain from changes in fair value and other income after deducting the relevant expenses. Realised profit of the Scheme refers to the balance of profit of the Scheme after deducting gain from changes in fair value. Distributable profit of the Scheme refers to the lower of the undistributed profit of the Scheme and the realised profit component of the undistributed profit of the Scheme as at the benchmark date for distribution of returns. The distribution of returns of the Scheme shall comply with the following principles: (1) during the term of the Scheme, there will be no fixed date for the distribution of returns, and the distribution of returns shall be made in cash; (2) when Lianhua Huashang withdraws the Entrusted Assets, Shanghai Securities shall determine the date and amount of distribution of returns based on the income position of the Entrusted Assets and inform Lianhua Huashang accordingly; (3) the distribution of returns shall be denominated in RMB and rounded to two decimal places. Any loss resulting from rounding shall be borne by the Entrusted Assets, and any income generated therefrom shall belong to the Entrusted Assets; and (4) the distribution of returns shall comply with any other requirements under the applicable laws, regulations or regulatory authorities.

The distribution plan of the Scheme shall be formulated by Shanghai Securities, reviewed by the Custodian Bank, and notified by Shanghai Securities to Lianhua Huashang for confirmation.

Early Warning and Stop-loss Mechanism:

During the term of the Scheme, including the extended term under the 2026 Supplemental Agreements, the early warning line of the Scheme is a unit net asset value of RMB0.95, and the stop-loss line of the Scheme is a unit net asset value of RMB0.90. If the unit net asset value of the Scheme as at the end of a trading day falls below the early warning line, Shanghai Securities shall inform Lianhua Huashang of the relevant circumstances within 24 hours and submit a written report to Lianhua Huashang within three business days. If the unit net asset value of the Scheme as at the end of a trading day falls below the stop-loss line, Shanghai Securities shall close the relevant positions. The initial unit net asset value of the Scheme was RMB1.00. As at 31 August 2026, the unit net asset value of the Scheme was RMB1.188.

Charges under the Scheme:

During the term of the 2026 Supplemental Agreements, Lianhua Huashang shall pay:

To Shanghai Securities

(1) the management fee:

at 0.3% per annum based on the net asset value of the Scheme on the previous calendar day, to be accrued on a daily basis and automatically charged within five business days of the beginning of every month (in case of legal holidays, rest days, etc., the payment date will be postponed to the next day); and

(2) the performance fee:

the Manager shall accrue and charge a performance fee (E) based on the annualised rate of return (R) and the benchmark for performance fee accrual (RE) under two circumstances, namely: (i) when Lianhua Huashang withdraws assets or upon termination and liquidation of the Scheme, in which case the performance fee shall be accrued and charged upon withdrawal (the "**withdrawal accrual**"); and (ii) upon distribution of returns, in which case the performance fee shall be accrued and charged upon distribution (the "**distribution accrual**"). The performance fee under the distribution accrual shall not be accrued more frequently than once every 12 months;

The performance fee shall be accrued according to the following standard:

- if R is greater than RE, 10% of the return in excess of RE shall be accrued as the performance fee, namely E = K × (R – RE) × 10% × (D ÷ 365).

- with effect from 1 January 2027, the benchmark for performance fee accrual (RE) shall be 6%. During the subsequent operation period, the Manager may dynamically adjust the benchmark for performance fee accrual based on market conditions, and the adjusted value of RE shall be subject to the written notice sent by the Manager to Lianhua Huashang and the Custodian Bank at least five business days in advance; and

- if Lianhua Huashang has any objection to the value of RE, it shall provide its feedback to the Manager in writing within three business days from the date of receipt of the written notice. If Lianhua Huashang does not raise any written objection to the Manager within three business days, it shall be deemed to have confirmed the relevant value of RE.

- The Manager shall distinguish each tranche of scheme units held by Lianhua Huashang based on the different participation time of such tranche, and shall separately calculate the annualised rate of return and accrue the performance fee for each tranche of scheme units.

To the Custodian Bank

The custodial fee: at 0.015% per annum based on the net asset value of the Scheme on the previous calendar day, to be accrued on a daily basis and automatically charged within five business days of the beginning of every month (in case of legal holidays, rest days, etc., the payment date will be postponed to the next business day, and, where applicable, to the termination date of the 2026 Supplemental Agreements or the early termination date.

Information Disclosure and Reporting:	Shanghai Securities shall disclose the net asset value of the Entrusted Assets as at the previous day under the Scheme to Lianhua Huashang at least once every trading day. Shanghai Securities shall circulate quarterly reports within one month after the end of each quarter and annual reports within four months after the end of each year to Lianhua Huashang in respect of management and custody matters. Such reports shall disclose the work reports of Shanghai Securities and the Custodian Bank, investment performance, investment portfolio, leverage ratio, if any, financial report, the basis, method and payment of the management fee, custodial fee and performance fee, if any, changes of investment managers, material events relating to the interests of Lianhua Huashang, such as material related-party transactions of the Entrusted Assets during the reporting period, and other matters as required by the CSRC. If an event occurs which materially affects the interests of Lianhua Huashang or is otherwise required to be disclosed under the Single Asset Management Contract (as supplemented), Shanghai Securities shall disclose the relevant event to Lianhua Huashang within five business days from the date of occurrence of such event. Shanghai Securities and the Custodian Bank shall fulfil their reporting obligations in accordance with the applicable laws and regulations and the requirements of the relevant regulators. Lianhua Huashang may enquire with Shanghai Securities about the investment operation of the Entrusted Assets under the Scheme and enquire with the Custodian Bank about the custody of the Entrusted Assets under the Scheme. Lianhua Huashang may inspect or copy the disclosed information in accordance with the time and manner agreed under the Single Asset Management Contract (as supplemented).

Effectiveness: The 2026 Supplemental Agreements shall be effective upon signing of, and affixing with common seal by, the parties thereto, and the transactions contemplated thereunder shall be conditional upon approval by the Independent Shareholders at the EGM.

Termination: The Scheme will be terminated upon the occurrence of any of the following events, and the 2026 Supplemental Agreements will be terminated upon termination of the Scheme:

(1) the Scheme expires and is not renewed;

(2) Lianhua Huashang, Shanghai Securities and the Custodian Bank agree to terminate the Scheme after negotiation;

(3) Lianhua Huashang is dissolved, deregistered or declared bankrupt in accordance with the law;

(4) Shanghai Securities is disqualified from conducting asset management business in accordance with the law, or is dissolved, deregistered or declared bankrupt in accordance with the law, and no new manager succeeds within six months;

(5) the Custodian Bank is disqualified from conducting fund custody business in accordance with the law, or is dissolved, deregistered or declared bankrupt in accordance with the law, and no new custodian succeeds within six months;

(6) the Scheme fails to complete filing with the AMAC or the filing is rejected; or

(7) other termination events required by laws, administrative regulations, the 2026 Supplemental Agreements and the CSRC.

Liabilities for Default:

Except for special circumstances such as force majeure, if Shanghai Securities or the Custodian Bank violates the provisions of the applicable laws, administrative regulations or the Single Asset Management Contract (as supplemented) and causes damage to the Entrusted Assets or Lianhua Huashang in the course of performing their respective duties, Shanghai Securities or the Custodian Bank, as the case may be, shall be liable for its own acts and for the direct losses caused in accordance with the law.

If Shanghai Securities violates the relevant provisions of laws and administrative regulations and is legally revoked by the CSRC of its securities asset management business licence, is ordered to suspend business for rectification, or is unable to perform its duties due to business suspension, dissolution, revocation or bankruptcy, Shanghai Securities shall properly handle the relevant matters in accordance with the applicable regulatory requirements.

2. Investment policy and authorisation summary

The Manager shall invest and manage the Entrusted Assets in accordance with the Scheme's investment policy, contractual investment scope and ratio restrictions, risk-control requirements and the Investment Restriction. The Company will assess each underlying investment and allocation adjustment under Chapters 14 and 14A of the Listing Rules, including the applicable percentage ratios and aggregation requirements. Details of the Investment Restriction are summarised in the principal terms table above; the calculation, notification and transaction-compliance procedures are set out in section headed "Internal Control, Pricing Policy and Measures to Operate as Diversified Portfolio" below.

In selecting underlying products and strategy allocations, Shanghai Securities will consider quantitative and qualitative factors, including historical annualised return, maximum drawdown (the maximum decline in net asset value from a peak to a subsequent trough during the relevant measurement period), volatility, liquidity arrangements, open frequency, lock-up period, fee structure, management fee, performance fee, manager investment capability and historical performance, consistency between the investment strategy and the Company's risk appetite, regulatory compliance, information disclosure arrangements, manager qualification and team stability. The Scheme will select products with relatively better performance among comparable strategies, and the expected holding period of each underlying product will be determined by reference to product performance and risk-control status.

Investment policy, scope of authorisation and risk management

The table below summarises the investment policy, scope of authorisation, key investment restrictions and monitoring arrangements of the Scheme during the renewed term. This summary should be read together with the principal contractual terms set out in the section headed "2026 Supplemental Agreements" above.

Item	**Summary**
Investment objective	The Scheme is used for treasury management of Lianhua Huashang's idle self-owned funds. Through a multi-strategy FOF portfolio, the Scheme seeks to achieve reasonable investment returns while controlling risks and maintaining reasonable liquidity.
Nature of the Scheme and authorisation boundary	The Manager shall invest in accordance with the investment policy and applicable contractual restrictions, including the Investment Restriction. Each underlying investment and allocation adjustment remains subject to the Company's assessment and compliance under Chapters 14 and 14A of the Listing Rules, as applicable.
Main allocation direction	The Scheme is expected to be primarily allocated to arbitrage and hedging strategies. Allocations shall comply with the contractual restrictions, applicable strategy-allocation requirements and Investment Restriction, and the transaction-compliance procedures described below.

Item	Summary
Prohibited or restricted investments	The Scheme shall not invest in ST stocks, securities subject to delisting risk warning, subordinated asset-backed securities or other restricted or prohibited assets under the Single Asset Management Contract (as supplemented). The investment scope of the Scheme does not include unlisted equity investments.
Key risk-control framework	The Scheme is subject to contractual investment ratio restrictions, R3 medium-risk classification, early-warning line, stop-loss line, daily NAV monitoring, regular reporting, communication on material deviations, underlying product screening and ongoing monitoring procedures.
Underlying products managed or issued by Shanghai Securities	Any underlying product managed or issued by Shanghai Securities shall be subject to the same product-selection and risk-assessment criteria as third-party products and to transaction specific connected person and conflict of interest review. Shanghai Securities shall not charge duplicative management fees or performance fees at the Scheme and underlying-product levels in respect of the same assets. The applicable Chapter 14A assessment shall not be omitted solely because Shanghai Securities is the Manager of the Scheme.

Item	Summary
Monitoring of underlying investments and Listing Rules assessment	The Company will assess each proposed underlying investment and allocation adjustment, including the applicable percentage ratios, aggregation requirements and connected person involvement at the product manager and underlying asset levels in order to comply with the relevant requirement under Chapters 14 and 14A of the Listing Rules. Compliance with the Investment Limit does not itself establish an exemption.

Indicative strategy allocation for the renewed term

The indicative strategy allocation reflects the Manager's current assessment of market conditions, product performance, liquidity and risk control needs. In selecting products and determining holding periods and allocations, the Manager will consider their strategies, performance, risk profile, dealing frequency, lock-up periods, redemption arrangements and costs, and their effect on the overall portfolio. All allocations shall comply with the investment policy, applicable restrictions and the transaction compliance procedures described below.

Set out below is the indicative strategy allocation plan for the renewed term provided by Shanghai Securities based on current market conditions, product performance, liquidity arrangements and risk-control considerations:

Strategy category	**Indicative target allocation**
Options arbitrage	30.0%
Stock T0	20.0%
ETF arbitrage	15.0%
Futures arbitrage	14.5%
Equity market neutral	10.5%
Macro strategy	7.0%
Quantitative long-only strategy	3.0%
Total	**100.0%**

Based on the above indicative strategy allocation plan, the Scheme is expected to be primarily allocated to arbitrage and hedging strategies. As an allocation management requirement during the renewed term, investments in equity long-only products shall not exceed 5%, and investments in fixed-income products and arbitrage/hedging products in aggregate shall not be less than 65%. Arbitrage/hedging products include, among others, equity market neutral, stock T0, ETF arbitrage, convertible bond arbitrage, futures arbitrage and options arbitrage products.

The strategy-allocation requirements and the Investment Restriction apply concurrently. The former concern portfolio composition; the latter is calculated by reference to gross subscriptions over a rolling 12-month period for the same underlying fund and underlying fund manager. Neither replaces the Company's assessment of each transaction under the Listing Rules.

The above indicative strategy allocation plan does not currently set out a separate allocation to fixed-income strategies, mainly because Shanghai Securities does not currently plan to separately allocate fixed-income products in the initial 2027 allocation having regard to the current market environment and product attractiveness. If market conditions, liquidity arrangements or risk-control requirements change in the future, Shanghai Securities may allocate fixed-income products within the disclosed contractual investment scope, investment ratio restrictions and the above allocation management requirements of the Scheme.

Allocations shall comply with the investment policy and applicable restrictions. The Company and Lianhua Huashang will monitor material deviations from the indicative allocation and obtain the Manager's explanation of the reasons and the risk and liquidity impact. This monitoring is additional to the transaction compliance procedures below.

Proposed underlying product allocation

Set out below are the underlying products proposed to be retained as at 31 December 2026 which, in aggregate, represent approximately 80.09% of the proposed portfolio of approximately RMB675 million. The table identifies the relevant products and their managers by name and sets out their strategies, product risk ratings and stated durations, together with the proposed amounts and portfolio percentages. It is based on the portfolio information and proposed redemption and adjustment arrangements provided by the Manager as at 30 October 2026. The Company will assess concentration and the applicable aggregation requirements by reference to the identity of the underlying product manager and other relevant relationships.

Product name	Underlying product manager	Strategy	Risk rating *(Note 1)*	Stated duration	Proposed amount *(RMB million)*	Proposed portfolio (%)
Kaidu Investment Sixiang Dingzhi No. 7 Private Securities Investment Fund (凱讀投資私享定制7號私募證券投資基金)*	Beijing Kaidu Private Fund Management Co., Ltd. (北京凱讀私募基金管理有限公司)*	Equity market neutral	R4	10 years	62.7	9.29%
Leshui Yichuan Hedged No. 1 Private Securities Investment Fund (樂水逸川對沖一號私募證券投資基金)*	Beijing Leshui Private Fund Management Co., Ltd. (北京樂水私募基金管理有限公司)*	Stock T0	R5	10 years	42.0	6.22%
Changshi Zhiying No. 8 Private Securities Investment Fund (長石智贏8號私募證券投資基金)*	Sanya Changshi Private Fund Management Co., Ltd. (三亚长石私募基金管理有限公司)*	Options arbitrage	R5	10 years	41.9	6.21%
Leshui Lingze Hedged No. 3 Private Securities Investment Fund (樂水靈澤對沖三號私募證券投資基金)*	Beijing Leshui Private Fund Management Co., Ltd. (北京樂水私募基金管理有限公司)*	Stock T0	R5	20 years	37.3	5.52%
Weiguan Boyi – Lixia No. 26 Private Securities Investment Fund (微觀博易-黎夏二十六號私募證券投資基金)*	Beijing Weiguan Boyi Private Fund Management Co., Ltd. (北京微觀博易私募基金管理有限公司)*	Stock T0	R3	15 years	34.5	5.11%
Xiaoyong Shangzhen Customised No. 1 Private Securities Investment Fund (孝庸尚臻定制一號私募證券投資基金)*	Shanghai Xiaoyong Private Fund Management Co., Ltd. (上海孝庸私募基金管理有限公司)*	Equity market neutral	R4	25 years	26.0	3.85%
Qianyuan Guanghui Suiyue Wenjin No. 32 Private Securities Investment Fund (乾元光輝歲月穩進32號私募證券投資基金)*	Shenzhen Qianyuan Zishi Private Securities Fund Management Co., Ltd. (深圳乾元资始私募证券基金管理有限公司)*	ETF arbitrage	R4	15 years	20.8	3.08%
Shenjiu Yuanshu Multi-strategy Private Securities Investment Fund (申九元數多元策略私募證券投資基金)*	Shanghai Shenjiu Asset Management Co., Ltd. (上海申九资产管理有限公司)*	Macro strategy	R4	30 years	19.1	2.83%
Zhuangxian Hengzhen Options Customised No. 6 Private Securities Investment Fund (莊賢亨貞期權定制六號私募證券投資基金)*	Hangzhou Zhuangxian Investment Management Partnership (Limited Partnership) (杭州庄贤投资管理合伙企业(有限合伙))*	Options arbitrage	R4	10 years	18.1	2.68%

Product name	Underlying product manager	Strategy	Risk rating *(Note 1)*	Stated duration	Proposed amount *(RMB million)*	Proposed portfolio (%)
Zhuangxian Hengzhen Options Customised No. 11 Private Securities Investment Fund (莊賢亨貞期權定制十一號私募證券投資基金)*	Hangzhou Zhuangxian Investment Management Partnership (Limited Partnership) (杭州庄贤投资管理合伙企业(有限合伙))*	Options arbitrage	R4	10 years	15.5	2.29%
Heyue Robust Growth No. 2 Private Securities Investment Fund (禾悅茁壯成長2號私募證券投資基金)*	Beijing Heyue Private Fund Management Co., Ltd. (北京禾悦私募基金管理有限公司)*	Stock T0	R4	20 years	14.5	2.15%
Zhengding Quantitative Hedging Exclusive No. 22 Private Securities Investment Fund (正定量化對沖專享22號私募證券投資基金)*	Beijing Zhengding Private Fund Management Partnership (Limited Partnership) (北京正定私募基金管理合夥企業(有限合夥))*	Equity market neutral	R5	20 years	14.3	2.12%
Xiaoyong Market Neutral No. 5 Private Securities Investment Fund (孝庸市場中性五號私募證券投資基金)*	Shanghai Xiaoyong Private Fund Management Co., Ltd. (上海孝庸私募基金管理有限公司)*	Equity market neutral	R4	15 years	12.4	1.84%
Hangzhou Boli Erxiang Composite Market Neutral No. 1 Private Securities Investment Fund (杭州波粒二象複合中性1號私募證券投資基金)*	Hangzhou Boli Erxiang Private Fund Management Co., Ltd. (杭州波粒二象私募基金管理有限公司)*	Futures arbitrage	R4	20 years	11.5	1.70%
Leshui Tianqing Hedged No. 2 Private Securities Investment Fund (樂水天清對沖二號私募證券投資基金)*	Beijing Leshui Private Fund Management Co., Ltd. (北京樂水私募基金管理有限公司)*	Stock T0	R5	5 years	11.0	1.63%
Shengxinxiang Mengxi Fenxing No. 1 Private Securities Investment Fund (省心享蒙璽分形1號私募證券投資基金)*	Shanghai Mengxi Investment Management Co., Ltd. (上海蒙璽投資管理有限公司)*	Stock T0	R4	10 years	10.8	1.60%
Lixin Arbitrage Wenjian No. 8 Private Securities Investment Fund (立心套利穩健8號私募證券投資基金)*	Qingdao Lixin Private Fund Management Co., Ltd. (青岛立心私募基金管理有限公司)*	ETF arbitrage	R4	15 years	10.7	1.58%
Yinnuo Options No. 1 Private Securities Investment Fund (因諾期權1號私募證券投資基金)*	Innovation Asset Management Co., Ltd. (因諾(上海)資產管理有限公司)*	Options arbitrage	R5	10 years	10.4	1.54%

Product name	Underlying product manager	Strategy	Risk rating *(Note 1)*	Stated duration	Proposed amount *(RMB million)*	Proposed portfolio (%)
Zhuangxian Hengzhen Options No. 1 Hedged Private Securities Investment Fund (莊賢亨貞期權一號對沖私募證券投資基金)*	Hangzhou Zhuangxian Investment Management Partnership (Limited Partnership) (杭州庄贤投资管理合伙企业(有限合伙))*	Options arbitrage	R4	10 years	10.4	1.54%
Yuanhe Kexin Customised Select No. 3 Private Securities Investment Fund (遠和可信定制精選3號私募證券投資基金)*	Hangzhou Yuanhe Private Fund Co., Ltd. (杭州遠和私募基金有限公司)*	Equity market neutral	R4	20 years	9.9	1.46%
Zhenghe Jingxing No. 5 Private Securities Investment Fund (正合景行5號私募證券投資基金)*	Shanghai Zhenghe Private Fund Management Co., Ltd. (上海正合私募基金管理有限公司)*	Equity market neutral	R4	20 years	9.6	1.42%
Mengxi Fenxing No. 3 Private Securities Investment Fund (蒙璽分形3號私募證券投資基金)*	Shanghai Mengxi Investment Management Co., Ltd. (上海蒙璽投資管理有限公司)*	Stock T0	R4	10 years	9.3	1.38%
Mianshuo Aopuxing No. 7 Private Securities Investment Fund (綿爍奧普星7號私募證券投資基金)*	Shanghai Mianshuo Asset Management Co., Ltd. (上海绵烁资产管理有限公司)*	Options arbitrage	R4	20 years	8.4	1.25%
Yongli Chenxi No. 5 Private Securities Investment Fund (永利晨曦5號私募證券投資基金)*	Zhejiang Qiantang Yongli Asset Management Co., Ltd. (浙江钱唐永利资产管理有限公司)*	Futures arbitrage	R4	15 years	7.6	1.12%
Mingshi Partner Shengbei No. 11 Phase 1 Private Securities Investment Fund (明世夥伴勝杯11號1期私募證券投資基金)*	Mingshi Partner Private Fund Management (Zhuhai) Co., Ltd. (明世伙伴私募基金管理(珠海)有限公司)*	Macro strategy	R4	15 years	6.9	1.02%
Fuying Xiangcao No. 1 Private Securities Investment Fund (孚盈香草一號私募證券投資基金)*	Hangzhou Fuying Investment Management Co., Ltd. (杭州孚盈投资管理有限公司)*	Futures arbitrage	R4	10 years	6.7	0.99%
Mianshuo Aopuxing No. 8 Private Securities Investment Fund (綿爍奧普星8號私募證券投資基金)*	Shanghai Mianshuo Asset Management Co., Ltd. (上海绵烁资产管理有限公司)*	Options arbitrage	R4	20 years	6.3	0.93%
Xiaoyong Yupixiu No. 3 Private Securities Investment Fund (孝庸玉貔貅三號私募證券投資基金)*	Shanghai Xiaoyong Private Fund Management Co., Ltd. (上海孝庸私募基金管理有限公司)*	Equity market neutral	R4	15 years	6.3	0.93%

Product name	Underlying product manager	Strategy	Risk rating *(Note 1)*	Stated duration	Proposed amount *(RMB million)*	Proposed portfolio (%)
Xinding Hengyuan No. 5 Private Securities Investment Fund, Class B (鑫鼎恒遠5號私募證券投資基金B類)*	Shenzhen Xinding Private Securities Fund Management Co., Ltd. (深圳市鑫鼎私募證券基金管理有限公司)*	Options arbitrage	R4	10 years	6.0	0.89%
Ronghang Tianxin No. 1 (融航添鑫一號)*	Fuzhou Ronghang Private Fund Management Co., Ltd. (福州融航私募基金管理有限公司)*	ETF arbitrage	R4	20 years	6.0	0.89%
Shiyun Xiangrikui No. 1 Private Securities Investment Fund (世昀向日葵1號私募證券投資基金)*	Xiamen Shiyun Private Fund Management Co., Ltd. (厦门世昀私募基金管理有限公司)*	Stock T0	R5	15 years	6.0	0.88%
Lumintou Quantitative Hedging No. 2 Private Securities Investment Fund, B (魯民投量化對沖二號私募證券投資基金B)*	Lumintou Fund Management Co., Ltd. (魯民投基金管理有限公司)*	Equity market neutral	R5	10 years	5.8	0.87%
Leshui Yizhou Hedged No. 2 Private Securities Investment Fund (樂水逸舟對沖二號私募證券投資基金)*	Beijing Leshui Private Fund Management Co., Ltd. (北京樂水私募基金管理有限公司)*	Stock T0	R5	5 years	5.7	0.85%
Heyi Shaper Arbitrage No. 5 Private Securities Investment Fund (合繹塑造者套利5號私募證券投資基金)*	Shanghai Heyi Investment Management Co., Ltd. (上海合繹投資管理有限公司)*	Options arbitrage	R4	15 years	5.5	0.82%
Zhongbai Liqiu Private Securities Investment Fund (中柏立秋私募證券投資基金)*	Hangzhou Zhongbai Asset Management Co., Ltd. (杭州中柏資產管理有限公司)*	Futures arbitrage	R4	10 years	5.5	0.81%
Lumintou Quantitative Long/Short No. 3 Private Securities Investment Fund (魯民投量化多空三號私募證券投資基金)*	Lumintou Fund Management Co., Ltd. (魯民投基金管理有限公司)*	Equity market neutral	R4	20 years	5.4	0.80%
Subtotal: 36 products	—	—	—	—	540.6	80.09%
Other 53 underlying products	Various	Various	—	—	131.2	19.44%
Cash	—	Cash	—	—	3.2	0.47%
Total	—	—	—	—	675.0	100.00%

Notes:

(1) The Scheme's R3 risk rating is assessed at portfolio level and is not a simple aggregation of the ratings of its underlying products. R4 and R5 product ratings reflect, among other factors, the use of derivatives and leverage, strategy complexity and liquidity arrangements, and do not by themselves determine the Scheme's overall market risk. The indicative allocation primarily uses market-neutral, T0 hedging and derivatives/ETF arbitrage strategies to seek to reduce net directional exposure through offsetting positions, with a relatively small proportion allocated to equity long-only and unhedged directional derivatives strategies. Portfolio allocation, diversification across managers and strategies, correlation monitoring, leverage constraints, liquidity management and stress testing within the existing investment policy and restrictions support the R3 assessment and seek to achieve relatively low volatility and low correlation between strategy returns. These measures do not eliminate investment risk. This explanation does not vary the Investment Restriction, the Investment Limit or the Company's transaction-specific Listing Rules obligations.

(2) Products bearing the same underlying product manager name identifies products managed by the same underlying manager. For Listing Rules purposes, the Company will also assess any other applicable aggregation factors; the numbering is not the sole aggregation test.

(3) Each manager of the underlying products listed above is an Independent Third Party. This statement concerns those underlying product managers, not Shanghai Securities as Manager of the Scheme; connected person involvement in the underlying assets and transactions will be reviewed separately.

(4) The schedule sets out the proposed underlying investments ending on 31 December 2026 based on the projected information, redemption and/or subscription provided by the Manager. All subsequent investments and allocation adjustments remain subject to the Investment Restriction and the applicable Listing Rules requirements.

* *English names/renderings are for identification purposes only.*

The current redemption plan provides for full redemption of all underlying products managed or issued by Shanghai Securities. Any subsequent investment in a product involving Shanghai Securities or another connected person will be subject to the Investment Restriction and the applicable transaction-specific review described below.

Expected return and maximum drawdown under the indicative strategy allocation

Based on the indicative strategy allocation plan for the renewed term, Shanghai Securities expects that the Scheme will have an after-fee annualised return of approximately 4.40% and an expected maximum drawdown of approximately 0.80% during the renewed term. For this purpose, "maximum drawdown" refers to the maximum decline in net asset value from a peak to a subsequent trough during the relevant measurement period. The above expected after-fee annualised return and expected maximum drawdown were estimated by Shanghai Securities using historical net asset value data of products with similar strategies tracked or held by it to estimate the expected return and drawdown of each strategy, and by conducting a simulated back-test of the strategy portfolio based on the indicative target allocation proportions and quarterly rebalancing.

As the relevant underlying products are mainly privately offered products, the historical net asset value and back-testing data are not publicly available benchmark data and are primarily used by Shanghai Securities for strategy allocation and risk assessment. Shanghai Securities has confirmed that the substantial majority of the underlying products currently held and expected to be allocated during the renewed term fall within the scope of the similar strategy product portfolios tracked or held by it, and therefore such historical net asset value and back-testing data have continuity and relevance to the indicative allocation plan for the renewed term.

In performing the above estimation, Shanghai Securities also considered that the A-share market performed relatively well in the past two years. Having regard to the long-term expectation for the A-share market and in order to avoid adopting assumptions that are overly optimistic by simply relying on data from a period of stronger market performance, Shanghai Securities adjusted downward the return and drawdown assumptions for long-only strategies. The long-only strategies under the indicative allocation plan for the renewed term are mainly used to capture hedged alpha returns and to take into account the risk arising from fluctuations in stock index futures basis.

Based on the above strategy-level estimates, Shanghai Securities conducted a simulated back-test of the strategy portfolio based on the indicative target allocation proportions and quarterly rebalancing. The purpose of the back-test was to assess the overall return and drawdown of the indicative portfolio, taking into account the returns and drawdowns of different strategies, their allocation proportions and correlations among such strategies. As most of the strategies proposed to be allocated under the Scheme have relatively low correlation, and certain strategies may even have negative correlation, the overall volatility and maximum drawdown of the combined portfolio are lower than those of certain individual strategies. Based on the estimation by Shanghai Securities, the back-tested annualised return of the strategy portfolio was approximately 6.39%, and the maximum drawdown of the strategy portfolio was approximately 0.87%.

On the basis of the above back-test, Shanghai Securities further made the following adjustments to estimate the actual expected after-fee return and expected maximum drawdown of the Scheme:

(1) approximately 8% of the Scheme's position may be used for rebalancing and cash holding on a daily basis, and therefore 92% of the strategy allocation was used for calculation;

(2) Shanghai Securities further applied an 80% conversion ratio to the strategy portfolio return after the above cash and rebalancing adjustment. Such 80% conversion ratio is based on the estimation methodology provided by Shanghai Securities and is mainly used to reflect the fact that the strategy index simulation did not take into account relevant fees and capacity constraints; and

(3) after the above adjustments, the 0.3% FOF-level management fee was deducted.

Accordingly, the expected after-fee annualised return of the Scheme during the renewed term is approximately 4.40%, calculated as follows:

$6.39\% \times (1-8\%) \times 80\% - 0.3\% = 4.40\%$

The expected maximum drawdown of approximately 0.80% is calculated as follows:

$0.87\% \times (1-8\%) = 0.80\%$

The above expected after-fee annualised return and expected maximum drawdown were estimated by Shanghai Securities based on the indicative allocation plan for the renewed term, historical net asset values of products with similar strategies, quarterly rebalancing back-test, strategy correlations, cash and rebalancing position arrangements, fee and capacity factors, and have been taken into account as one of the reference factors in determining the management fee and performance fee annual caps during the renewed term.

3. Historical Amounts

The management fees paid by Lianhua Huashang to Shanghai Securities under the 2023 Supplemental Agreement for the years ended 31 December 2024 and 31 December 2025 and the period ended 31 August 2026 are as follows:

For the Year/Period ended	**Amount of Management Fees Paid** *(approx. RMB million)*
31 December 2024	2.045
31 December 2025	2.557
31 August 2026	1.801

The performance fees paid by Lianhua Huashang to Shanghai Securities under the 2023 Supplemental Agreement for the year ended 31 December 2024 and 31 December 2025 and the period ended 31 August 2026 are as follows:

For the Year/Period ended	**Amount of Performance fees paid/accrued** *(approx. RMB million)*
31 December 2024	3.164
31 December 2025	0.691
31 August 2026	0.953 *Note*

The investment return/net investment performance of the Scheme, as reported by Shanghai Securities based on the asset management and valuation records of the Scheme, for the year ended 31 December 2024 and 31 December 2025 and the period ended 31 August 2026 were approximately RMB58.96 million, RMB57.99 million and RMB54.73 million, respectively. Such amounts represent the investment performance of the Scheme for asset management reporting purposes and should not be read as cash distributions, dividends or redemption proceeds actually received by Lianhua Huashang during the relevant periods.

Note: The amount of RMB0.953 million for the period ended 31 August 2026 represents the estimated performance fee accrued by reference to the performance of the Scheme up to 31 August 2026 and had not been paid as at 31 August 2026. The realised profit of approximately RMB54.73 million for the period ended 31 August 2026 had not deducted such estimated performance fee. The movement in the net asset value of the Scheme between two period-end dates should not be directly equated with the investment return/net investment performance of the Scheme for the same period, as the net asset value of the Scheme at any period end may be affected by, among other things, subscriptions, redemptions, fees, performance fee accruals, valuation movements and other adjustments during the relevant period.

4. Historical operation and investment profile of the Scheme

As the Scheme is a fund-of-funds product, Shanghai Securities manages the Scheme by allocating the assets of the Scheme among different underlying products and strategies from time to time. The contractual investment scope and ratio restrictions of the Scheme are, however, monitored by reference to the underlying asset classes of the Scheme on a look-through basis where applicable. Accordingly, the historical product/strategy allocation of the Scheme should be read together with its look-through asset-class allocation.

As at 31 August 2026, the product/strategy allocation of the Scheme was as follows:

Product/strategy category	**Strategy type**	**Allocation as at 31 August 2026**
Equity long-only products	Equity long-only	2.73%
Macro allocation products	Macro strategy	4.50%
Arbitrage and hedging products	Stock neutral, futures arbitrage, options arbitrage, ETF arbitrage and Stock T0	55.98%
Fixed-income and cash products	Bonds and cash	36.79%
Total		100.00%

On a look-through asset-class basis, the asset allocation of the Scheme as at 31 August 2026 was as follows:

Asset class on a look-through basis	**Allocation as at 31 August 2026**
Fixed-income assets	66.09%
Equity assets	25.23%
Futures and derivatives	8.28%
Others	0.40%
Total	100.00%

The Directors consider that the above historical allocation demonstrates that, although certain underlying products or strategies may involve equity securities, futures or derivatives at the underlying asset level, the Scheme has been operated primarily through fixed-income, cash-management, arbitrage and hedging products and strategies. The risk characteristics of such products and strategies depend on the manner in which the relevant instruments are used, including for arbitrage, hedging, liquidity management or risk-management purposes, and should not be assessed solely by reference to the name of the underlying asset class.

Since the establishment of the Scheme in July 2021, Shanghai Securities, as the manager of the Scheme, has adjusted the allocation among underlying asset management products from time to time having regard to market conditions, product performance, risk-control requirements and liquidity considerations. Such subscription, redemption and allocation adjustments were carried out within the contractual investment scope and authority under the Single Asset Management Contract (as supplemented) and constituted implementation of the approved asset management arrangements of the Scheme.

The Scheme has been in operation for more than five years and has involved numerous subscription, redemption and allocation adjustment records.

Given the FOF nature of the Scheme and the dynamic allocation among underlying asset management products, the Company considers that the historical performance of the Scheme is more meaningfully assessed by reference to its overall return, risk-control performance, asset allocation principle and comparison with the Company's bank deposit returns, rather than by setting out every underlying subscription and redemption record.

During each material reporting period since the establishment of the Scheme, the Scheme was managed principally in accordance with a low-volatility and low-drawdown investment principle, with allocations primarily to low-volatility arbitrage and hedging-oriented products and limited allocation to equity long-only and other higher-volatility products. Shanghai Securities has confirmed that it complied with the investment scope, investment ratio restrictions, gross exposure control, leverage requirements and derivatives usage requirements under the Single Asset Management Contract (as supplemented) during each such reporting period. The derivatives used by the Scheme were primarily for hedging and risk-management purposes rather than directional speculation, and bond repurchase transactions were primarily used for liquidity management purposes and not for increasing directional leverage.

Shanghai Securities has complied with the investment scope, investment ratio restrictions, gross exposure control, leverage requirements and derivatives usage requirements under the Single Asset Management Contract (as supplemented), and the Company is not aware of any breach of the relevant contractual restrictions during the historical operation of the Scheme.

Save as disclosed below, based on the review conducted by Shanghai Securities, there was no individual underlying investment during the historical operation of the Scheme which was material by reference to amount invested, concentration, realised or unrealised gain or loss, risk contribution or impact on the Scheme's performance and which would require separate disclosure as a material investment.

As at 31 December 2024, 31 December 2025 and 31 August 2026, a fixed-income underlying product issued or managed by the Manager represented approximately 31.57%, 32.53% and 32.95% of the Scheme net assets, respectively. The underlying assets of such product comprised PRC urban investment credit bonds rated AA or above. In substance, such product is a bond product valued using the amortised cost method, and the size of each underlying bond ranged from approximately RMB10 million to RMB60 million. Accordingly, although such product represented a relatively high proportion of the historical portfolio of the Scheme, its underlying assets comprised a diversified bond portfolio, rather than exposure to a single issuer, a single bond or a single equity investment.

Shanghai Securities has confirmed that the underlying bond assets of such product are expected to mature progressively by the end of 2026 and that such product is expected to be terminated within 2026. Based on the current indicative allocation plan for the renewed term, the Scheme is not expected to continue to hold such product or establish a product of the same type during the renewed term commencing from 2027. If there are allocation opportunities in similar fixed-income products in the next three years due to adjustments in the bond market, the Company and Shanghai Securities may consider allocating to similar fixed-income products within the disclosed and approved framework of the Scheme. The Company will monitor the exposure to such products having regard to the investment scope, investment ratio restrictions and risk-control requirements of the Scheme, and will ensure that exposure to any similar fixed-income product will not exceed 30% of the overall size of the Scheme.

In respect of the Scheme's historical investment in underlying products issued or managed by the Manager, Shanghai Securities has confirmed that if the underlying product at the sub-level of the FOF asset management product is also managed by Shanghai Securities, fees will be charged on a single-layer basis only, and no duplicative management fees or performance fees will be charged in respect of the same portion of assets at both the Scheme level and the underlying product level.

If any underlying product managed or issued by Shanghai Securities involves subscription fees, redemption fees, sales service fees, rebates or other economic benefits payable to Shanghai Securities or its associates, Shanghai Securities shall disclose such arrangements to Lianhua Huashang, and the Company and Lianhua Huashang will assess such arrangements in accordance with the internal control procedures and the Listing Rules.

5. Basis for Pricing and the Proposed Annual Caps

Basis for the Principal Amount of Entrusted Assets

As at 31 August 2026, the balance of net assets of the Scheme under the Single Asset Management Contract (as supplemented) was approximately RMB1,385 million. As at 31 August 2026, the unit net asset value of the Scheme was RMB1.188, representing an annualised return rate of approximately 6.23% for the period from 1 January 2026 to 31 August 2026. Such annualised return rate was calculated by reference to the daily average principal amount of each subscription and redemption of the Scheme during the relevant period and the actual investment return generated by the Scheme, annualised for such period. Lianhua Huashang has paid custodial fees to the Custodian Bank at the annual rate of 0.015%.

In determining the total principal amount of the Entrusted Assets of RMB675 million under the 2026 Supplemental Agreements, including the expected accumulated investment returns, the Company and Lianhua Huashang have taken into account the following factors:

(1) the historical maximum daily investment balance and the historical transaction terms under the 2023 Supplemental Agreement, including the transaction amounts, risk level and realised profits of the financial products under the Scheme;

(2) the historical performance of the Scheme. Since Lianhua Huashang commenced its investment in the Scheme on 30 July 2021 and up to 31 August 2026, the Scheme recorded accumulated realised profits of approximately RMB215 million, representing an annualised return of approximately 4.14% and accumulated return of approximately 21.06%. The annualised return of approximately 4.14% represents the annualised return of the Scheme for the period from 30 July 2021 to 31 August 2026, calculated by reference to the daily average principal amount of each subscription and redemption of the Scheme during such period and the actual investment return generated by the Scheme, annualised for such period. The accumulated return of approximately 21.06% represents the cumulative return of the Scheme for the same period. The historical return figures disclosed in this section are net of the fees charged at the underlying product level. The treatment of fees at the Scheme level is explained below.

The annualised return rates of approximately 4.14% and 6.23% were calculated on different bases and for different periods and are therefore not directly comparable. The annualised return rate of approximately 4.14% reflects the performance of the Scheme since its establishment on 30 July 2021, whereas the annualised return rate of approximately 6.23% reflects the performance of the Scheme for 2026 up to 31 August 2026. Such return figures have taken into account the management fees and custodial fees incurred during the relevant periods and the performance fees deducted up to 1 December 2025. As the performance fee for 2026 had not been finally determined or deducted as at 31 August 2026, the annualised return rate of approximately 6.23% had not taken into account the estimated performance fee for 2026.

The table below sets out a comparison between the annualised return of the Scheme and the Company's bank deposit return during the relevant periods:

Period	Annualised return of the Scheme	Lianhua Huashang's bank deposit return
30 July 2021 to 31 December 2021	4.82%	N/A
Year ended 31 December 2022	0.38%	4.27%
Year ended 31 December 2023	3.71%	4.31%
Year ended 31 December 2024	5.39%	3.39%
Year ended 31 December 2025	4.49%	2.85%
1 January 2026 to 31 August 2026	6.23%	2.31%

The annualised return of the Scheme in 2022 and 2023 was lower than Lianhua Huashang's bank deposit return for the same periods, mainly due to the market environment during the initial operation period of the Scheme, the portfolio build-up process and the early allocation structure. At the initial stage, the Scheme had a higher performance fee accrual benchmark and return target, fewer product-level constraints on maximum drawdown, and a relatively higher allocation to equity long-only products and net-value-based bond products. Due to market volatility in 2022, the net asset value of the Scheme experienced a relatively large drawdown. The Company and Lianhua Huashang subsequently communicated with Shanghai Securities and implemented portfolio adjustment measures, including redeeming underlying products with higher net asset value volatility, reassessing the expected return and drawdown targets, and adjusting the portfolio allocation. As the allocation was gradually completed and the portfolio adjustments took effect, the annualised returns of the Scheme in 2024, 2025 and the eight months ended 31 August 2026 were higher than Lianhua Huashang's bank deposit returns for the same periods. In assessing the renewed arrangement, the Directors have taken into account the initial performance of the Scheme, the subsequent portfolio adjustments, the post-adjustment return and drawdown control, and the expected return and risk profile under the indicative allocation plan for the renewed term.

During the operating period of the Scheme, the quoted deposit rates of major state-owned commercial banks in the PRC have generally been on a downward trend. In particular, the quoted one-year fixed deposit rate decreased from approximately 1.75% to approximately 0.95%, and the quoted three-year fixed deposit rate decreased from approximately 3.85% to approximately 1.25%.

The Scheme is a privately offered asset management product. Privately offered asset management products of a similar nature are not generally required to publish detailed performance information, and their investment strategies, investment scope, leverage, liquidity and fee arrangements may differ materially from those of the Scheme. Accordingly, the Company considers that a directly comparable public benchmark for the Scheme is not readily available. In assessing whether to renew the Scheme, the Company has therefore considered the Scheme's own historical performance, the Company's bank deposit return, prevailing bank deposit rates and the Scheme's risk-control performance;

(3) the continued downward trend of deposit interest rates of commercial banks in the PRC and the intention of the Group to optimise its capital structure by converting part of the time deposits and idle working capital, if any, of Lianhua Huashang into financial investment, without affecting the ordinary operating liquidity of the Group;

(4) the expected investment return and risk profile of the renewed Scheme. Based on the preliminary allocation plan for the new term, the expected after-fee annualised return of the Scheme is approximately 4.40%, with an expected maximum drawdown of approximately 0.80%; and

(5) the financial position, cash management needs and internal investment project management policy of the Group and Lianhua Huashang, with a view to maintaining sufficient liquidity for daily operations and ensuring the safety of internal resources. The Company and Lianhua Huashang will ensure that the funds used for the Scheme are self-owned funds.

Having considered the above comparison, the historical performance of the Scheme, the risk profile of the Scheme, the management fees, performance fees and custodian fees payable under the Scheme, and the downward trend in PRC bank deposit rates, the Directors consider that the incremental return generated by the Scheme is sufficient to compensate the Group for the relevant investment risks and fees.

Pricing Terms of the Management Fee and Performance Fee

In connection with the entering into the 2026 Supplemental Agreements, Lianhua Huashang reviewed the pricing policy under the Single Asset Management Contract (as supplemented by the 2023 Supplemental Agreement) with reference to the actual amounts incurred under the Single Asset Management Contract (as supplemented by the 2023 Supplemental Agreement) and the latest market conditions. The Company considers that such pricing policy was determined after arm's-length negotiations among the parties on normal commercial terms and is fair and reasonable.

In determining the management fee and performance fee payable by Lianhua Huashang to Shanghai Securities under the 2026 Supplemental Agreements, the following factors were taken into account:

(1) the management fee rate, performance fee accrual benchmark and performance fee accrual ratio were determined after arm's-length negotiations between Lianhua Huashang and Shanghai Securities, having taken into account, among other things, the target return, risk level and expected volatility of the Scheme, and with reference to the prevailing market terms for asset management and investment services of a similar nature and transaction size;

(2) the fixed management fee rate of 0.3% per annum payable to Shanghai Securities is in line with the prevailing market rates for similar asset management and investment services and is no less favourable than the terms and conditions offered by Shanghai Securities to its independent third-party clients for similar asset management and investment services;

(3) with effect from 1 January 2027, the benchmark for performance fee accrual is 6%. If the annualised rate of return is less than or equal to 6%, no performance fee will be payable. If the annualised rate of return exceeds 6%, Shanghai Securities will be entitled to accrue 10% of the return in excess of the benchmark as performance fee; and

(4) the performance fee mechanism aligns the interests of Shanghai Securities with the investment performance of the Scheme, as Shanghai Securities will only be entitled to receive a performance fee if the relevant annualised rate of return exceeds the benchmark for performance fee accrual. The Manager shall calculate the annualised rate of return and accrue the performance fee separately for each tranche of scheme units held by Lianhua Huashang based on the different participation time of such tranche.

The Directors consider that the management fee and performance fee arrangement is commercially reasonable, as the fixed management fee is within the prevailing market range for similar asset management and investment services, and the performance fee is payable only when the annualised return exceeds the applicable benchmark. The performance fee mechanism therefore aligns the interests of Shanghai Securities with the investment performance of the Scheme and mitigates the potential conflict arising from Shanghai Securities' connected-person status.

In determining the custodial fee payable to the Custodian Bank, the Company has considered that the annual custodial fee rate of 0.015% is in line with the prevailing market rates for custody services of a similar nature and transaction size.

Proposed Annual Caps and Basis for the Proposed Annual Caps

The annual caps in respect of the management fees and performance fees payable by Lianhua Huashang to Shanghai Securities under the 2026 Supplemental Agreements for each of the financial years ending 31 December 2027, 31 December 2028 and 31 December 2029 are set out as follows:

For the year ending 31 December	**Maximum Amount of Management Fees** *(approx. RMB million)*	**Maximum Amount of Performance Fees** *(approx. RMB million)*
2027	2.1	2.8
2028	2.1	2.8
2029	2.1	2.8

In determining the above proposed annual caps for the management fee and performance fee payable to Shanghai Securities under the 2026 Supplemental Agreements, the Company and Lianhua Huashang have taken into account the following factors:

(1) the total principal amount of the Entrusted Assets of RMB675 million, and the expected accumulated investment returns;

(2) the fixed management fee rate of 0.3% per annum, which is accrued on a daily basis based on the net asset value of the Scheme on the previous calendar day and payable monthly;

(3) the performance fee formula under the Single Asset Management Contract (as supplemented), pursuant to which, if the annualised rate of return exceeds the benchmark for performance fee accrual, 10% of the return in excess of such benchmark shall be accrued as the performance fee;

(4) the benchmark for performance fee accrual of 6%, subject to adjustment in accordance with the terms of the 2026 Supplemental Agreements with reference to objective market indicators, including the benchmark interest rate for three-year RMB deposits published or guided by the People's Bank of China or comparable RMB deposit rate indicators, the expected return and risk level of comparable low-volatility asset management products and the investment strategy and risk-return profile of the Scheme. Based on the current market environment and the Manager's expectation, any adjustment to the 6% benchmark is expected to be within 1% upward or downward. In determining the proposed annual cap for the performance fee, the Company has assumed that the annualised return of the Scheme would not exceed the applicable benchmark for performance fee accrual by more than approximately 4%. On such basis, taking into account the amount of the Entrusted Assets and the performance fee rate of 10% on the return exceeding the applicable benchmark, the Directors consider that the proposed annual cap of RMB2.8 million provides a reasonable buffer for the performance fee payable during the renewed term;

(5) the historical transaction amounts and performance of the Scheme, including its accumulated realised profits and annualised return since Lianhua Huashang commenced its investment in the Scheme on 30 July 2021;

(6) the composition and proposed allocation of the assets under the Scheme, the expected after-fee annualised return of approximately 4.40% and the expected maximum drawdown of approximately 0.80% based on the preliminary allocation plan for the new term; and

(7) the inherent volatility of the capital markets and the possibility that the actual net asset value of the Scheme may fluctuate during the extended term of the Single Asset Management Contract (as supplemented).

The Directors, including the independent non-executive Directors, consider that the proposed annual caps for the management fee and performance fee payable to Shanghai Securities under the Single Asset Management Contract (as supplemented), are fair and reasonable.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 SUPPLEMENTAL AGREEMENTS

To increase the cash revenue of the Group, Lianhua Huashang intends to enter into the 2026 Supplemental Agreements with Shanghai Securities and the Custodian Bank to renew the Single Asset Management Contract to effectively manage existing idle funds through conducting investments under the Scheme without affecting the ordinary operating liquidity.

The Directors consider that the continued investment in the Scheme is a reasonable treasury-management arrangement for Lianhua Huashang's idle self-owned funds. In reaching this view, the Directors have considered the historical operation of the Scheme, the return and drawdown following portfolio adjustments, the indicative allocation plan for the renewed term, the expected after-fee annualised return and expected maximum drawdown, fee arrangements, redemption mechanism, custody arrangement, early-warning and stop-loss mechanisms, reporting obligations of Shanghai Securities, the PRC bank deposit rate environment, other alternative uses of funds, comparable asset management arrangements, and the commercial and execution factors relating to the continued appointment of Shanghai Securities as Manager.

The commercial purpose of the renewed arrangement is to manage part of Lianhua Huashang's idle self-owned funds, in addition to its bank deposits, by using the Manager's product selection and portfolio management capabilities within the investment policy and restrictions. The additional Investment Restriction and the Company's transaction specific compliance procedures are described in this announcement.

In assessing whether to continue the investment in the Scheme, the Directors considered other alternative uses of funds and investment arrangements. The table below summarises the Directors' assessment of the main alternatives:

Alternative	Key return and risk characteristics	Directors' assessment
Continued investment in a low-volatility FOF asset management product, i.e. the Scheme	Comparable low-volatility FOF asset management products generally have expected annualised returns of approximately 3% to 6%, expected drawdowns of approximately 1% to 3%, relatively good liquidity and relatively low concentration. During the renewed term, the Scheme is expected to have an after-fee annualised return of approximately 4.40% and an expected maximum drawdown of approximately 0.80%.	The Scheme has an operating track record and is subject to redemption mechanism, custody arrangement, early-warning and stop-loss mechanisms, reporting obligations and ongoing monitoring arrangements. The Directors consider that the Scheme matches Lianhua Huashang's treasury-management needs for idle self-owned funds and achieves an appropriate balance among expected return, drawdown control, liquidity, diversification and monitoring mechanisms.
Medium-to-high volatility FOF asset management products	Comparable medium-to-high volatility FOF asset management products generally have expected annualised returns of approximately 6% to 15% and expected drawdowns of approximately 3% to 10%. Potential returns may be higher, but volatility and drawdowns are also higher.	The Directors consider that the risk and drawdown levels of such products are relatively high and are not fully aligned with Lianhua Huashang's risk preference for prudent treasury management of idle self-owned funds.

Alternative	Key return and risk characteristics	Directors' assessment
Independent funds or single financial products	Returns and risks depend on the specific fund or product type, and expected drawdowns may be relatively high. Direct investment in a single fund or single strategy product may also create manager, strategy or underlying asset concentration risk.	The Directors consider that such arrangements would require the Company and Lianhua Huashang to devote additional resources to investment research, product selection, trade execution, portfolio management and risk monitoring, and may increase single product or single strategy risk.
Three-year fixed deposits	Expected annualised return of approximately 1.8%, expected drawdown of 0%, higher capital security but lower liquidity.	The Directors consider that fixed deposits have relatively low risk, but relatively limited return and a longer lock-up period, and may not effectively improve the utilisation efficiency of Lianhua Huashang's idle self-owned funds.

Alternative	Key return and risk characteristics	Directors' assessment
Dividend distribution or share repurchase	Subject to the financial position, distributable reserves, regulatory requirements, articles of association, overall funding plan and the Board's assessment of shareholder return policy at the listed company level.	The Entrusted Assets are idle self-owned funds at the Lianhua Huashang level, and Lianhua Huashang is a non-wholly owned subsidiary of the Company. Such funds should not be simply regarded as funds directly available to the Company for dividend distribution or share repurchase. In addition, having regard to the operating performance reflected in the Group's latest financial statements, cash resources, working capital needs and overall funding arrangements, the Directors consider that applying such funds to the treasury-management arrangement under the Scheme at this stage is more consistent with the Group's capital management needs than treating them as a source of funds for dividend distribution or share repurchase at the Company level.

The Directors' assessment is made on the basis that the Entrusted Assets represent idle self-owned funds of Lianhua Huashang after reserving sufficient funds for ordinary course operations and other known funding requirements. Having considered the absence of bank borrowings of the Group, the downward trend in the PRC bank deposit interest rate environment, the historical operation of the Scheme, the expected return and risk profile of the Scheme, the fee arrangements, the redemption mechanism, the custody arrangement, the early-warning and stop-loss mechanisms and the reporting obligations of Shanghai Securities, the Directors consider that the continued investment in the Scheme is a reasonable, prudent and monitorable treasury-management arrangement for Lianhua Huashang's idle self-owned funds.

Having considered the above factors, the Directors consider that, for Lianhua Huashang's treasury-management purpose for its idle self-owned funds, the continued investment in the Scheme is able to achieve an appropriate balance among expected return, drawdown control, liquidity, diversification and ongoing monitoring requirements.

The Company and Lianhua Huashang also made reference to preliminary information obtained from other financial institutions in respect of similar low-volatility FOF or asset management arrangements. Set out below is a comparison of the key terms of certain comparable arrangements obtained by the Company and Lianhua Huashang:

Manager	Management fee	Performance fee	Early-warning line	Stop-loss line	Risk level	Expected return	Expected maximum drawdown
Shanghai Securities	0.3%	10% on the portion above 6%	0.95	0.90	R3	4.40%	0.80%
Comparable Manager A	0.3%	10% on the portion above 6%	Not set	Not set	R3	5.09%	0.91%
Comparable Manager B	0.3%	10% on the portion above 6%	0.95	0.92	R3	4.76%	0.84%
Comparable Manager C	0.5%	10% on the portion above 6%	Not set	Not set	R3	6.26%	0.79%

Notes:

(1) The above comparable arrangement data were preliminary reference information obtained by the Company and Lianhua Huashang during preliminary communications, and do not constitute final quotations, investment advice or investment commitments from the relevant institutions.

(2) The expected maximum drawdown of Comparable Manager C is based on weekly net asset value maximum drawdown, while the expected maximum drawdown of the other arrangements is based on daily net asset value maximum drawdown.

(3) Under Article 24 of the Operating Guidelines for Private Securities Investment Funds, open-ended private securities investment funds generally do not set early-warning lines or stop-loss lines, and managers may agree on relevant arrangements in the fund contracts having regard to product investment strategy, investors' risk tolerance and other factors.

In referring to the above information, the Directors mainly considered the expected return, expected maximum drawdown, fee arrangements, risk-control mechanisms, early-warning and stop-loss arrangements, manager service capability and compatibility with Lianhua Huashang's capital management needs. The Directors consider that the expected return, expected maximum drawdown, fee arrangements and risk-control mechanisms of the Shanghai Securities arrangement are overall within the range of comparable arrangements.

Shanghai Securities is a licensed securities company with investment research capability covering different types of asset management products, access to products and investment opportunities available to professional institutional clients, risk-control and compliance systems for managing market risk, credit risk and liquidity risk, and experience in managing the Scheme since its establishment. The Directors also considered that Shanghai Securities has acted as the Manager of the Scheme since its establishment and is familiar with the investment objectives, risk appetite, liquidity needs and operation arrangements of the Scheme; the return performance and drawdown control of the Scheme have improved in recent years after completion of portfolio adjustments; and continuing to appoint Shanghai Securities may reduce transition costs, renewed due diligence costs, portfolio switching risks and execution uncertainty that may arise from a change of manager. Based on the above factors, the Directors consider that the continued appointment of Shanghai Securities as Manager is commercially reasonable.

The Entrusted Assets represent idle self-owned funds of Lianhua Huashang and do not comprise proceeds from fund-raising activities, bank borrowings or other third-party financing. The Directors consider that the RMB675 million Entrusted Assets represent idle self-owned funds of Lianhua Huashang after reserving funds for ordinary course operations, working capital turnover and other known funding requirements. In assessing whether such funds constitute idle funds, the Directors have considered the cash flow pattern of the Group and Lianhua Huashang, the settlement characteristics of coupon liabilities and advance receipts, supplier payment arrangements, lease payments, capital expenditure, term deposit arrangements and available financial resources, rather than solely by reference to the accounting amount of net current liabilities as at the balance sheet date.

As at 31 December 2025, the Group recorded net current liabilities of approximately RMB6,033 million, being the accounting difference between current assets of approximately RMB8,857 million and current liabilities of approximately RMB14,890 million classified in accordance with the applicable accounting standards. The Directors consider that such accounting net current liabilities do not represent an immediate cash liquidity shortfall of the same amount, mainly because: (i) a substantial portion of the Group's current liabilities comprised coupon liabilities and advance receipts, which amounted to approximately RMB8,200 million as at 31 December 2025 and are mainly settled progressively through customers redeeming goods or services in the ordinary course of business, rather than fixed-maturity financing liabilities required to be settled in cash on a concentrated basis. If coupon liabilities and advance receipts are excluded, the Group would have recorded net current assets as at 31 December 2025; and (ii) the Group allocated part of its surplus funds to term deposits with maturities of more than one year and up to five years, which were classified as non-current assets and therefore were not included in current assets, resulting in a timing mismatch on the statement of financial position. As at 31 December 2025, the Group held cash and cash equivalents of approximately RMB1,553 million, current unrestricted term deposits of approximately RMB1,645 million and non-current unrestricted term deposits of approximately RMB1,855 million. The non-current unrestricted term deposits may be withdrawn early when needed.

As at 30 June 2026, the Group had cash and various bank balances of approximately RMB6,029 million. For the six months ended 30 June 2026, the Group recorded net cash inflow from operating activities of approximately RMB165 million. The decrease in cash and cash equivalents during the same period was mainly due to net placement of term deposits and repayment of existing notes and lease liabilities, and does not indicate that the RMB675 million Entrusted Assets were consumed by daily operations, nor does it indicate that the continued investment in the Scheme would result in an operating cash flow shortfall of the Group or Lianhua Huashang.

The Lianhua Huashang group is operating normally, recorded profit for 2025 and had positive equity attributable to its shareholders. As at 30 June 2026, Lianhua Huashang continued to hold a substantial amount of deposits and financial investments. Under the renewed arrangement, the amount to be continuously invested in the Scheme will be RMB675 million, which is lower than the existing net asset balance of the Scheme, and the portion in excess of RMB675 million will be redeemed upon expiry of the existing arrangement.

Item	**Amount/status** *(approx. RMB million)*
Lowest month-end balance of cash and cash equivalents of Lianhua Huashang for the two years ended 31 December 2025 and the eight months ended 31 August 2026	596
Average month-end balance of cash and cash equivalents of Lianhua Huashang for the two years ended 31 December 2025 and the eight months ended 31 August 2026	5,217
Cash and cash equivalents of Lianhua Huashang as at 31 August 2026	1,428
Whether there was any material liquidity pressure caused by concentrated cash redemption of coupon liabilities in the past three years	No
Whether the three-business-day redemption mechanism of the Scheme was used to supplement daily operating liquidity in the past three years	No

The month-end balance of cash and cash equivalents of Lianhua Huashang decreased from approximately RMB5,041 million in March 2026 to approximately RMB913 million in April 2026, and was also lower than approximately RMB4,173 million in April 2025. Such decrease was mainly attributable to the adoption by the Group, with effect from 31 December 2025, of the revised presentation basis for term deposits, under which unrestricted term deposits with a maturity of more than 90 days and without guarantee or pledge arrangements are presented as investment cash flows when placed, instead of being presented as cash and cash equivalents. Such presentation adjustment affects only the accounting classification of cash and cash equivalents and does not affect the actual availability of the relevant unrestricted term deposits or the overall liquidity of Lianhua Huashang.

As at 31 August 2026, after applying the above revised presentation basis, Lianhua Huashang still had cash and cash equivalents of approximately RMB1,428 million. Such balance was recorded while the existing investment amount under the 2023 Supplemental Agreement remained substantially higher than the proposed RMB675 million to be continued under the renewed arrangement. Upon commencement of the renewed arrangement in 2027, the portion of the existing Scheme assets in excess of RMB675 million will be redeemed, which is expected to further increase the available cash resources of Lianhua Huashang.

In addition, the Entrusted Assets are not an investment with no term or no realisation mechanism. Under the Single Asset Management Contract (as supplemented), Lianhua Huashang may, based on market conditions, withdraw all or part of the Entrusted Assets by serving a written redemption notice on Shanghai Securities and copying the Custodian Bank at least three business days before the application date of the withdrawal, subject to the contractual minimum asset balance requirement. Such contractual withdrawal right provides Lianhua Huashang with a clear mechanism to reallocate the relevant funds when needed. During the term of the 2023 Supplemental Agreement, Lianhua Huashang did not use the three-business-day redemption mechanism to supplement daily operating liquidity or meet operating cash needs. Historical redemptions or allocation adjustments were made as part of investment management and portfolio adjustment arrangements under the Scheme, and were not used to cover any operating cash flow shortfall of the Group or Lianhua Huashang.

In terms of underlying product liquidity, based on the current and indicative allocation plan for the renewed term, a substantial portion of the Entrusted Assets is or is expected to be allocated to arbitrage or hedging strategies such as options arbitrage, ETF arbitrage, stock T0 and equity market neutral strategies. According to the information provided by Shanghai Securities, such underlying products generally have relatively high open frequency and can generally be realised within approximately five business days from the day following receipt of written redemption notice by the manager. Based on the current allocation, underlying products subject to such relatively higher liquidity arrangements represent more than 60% of the Entrusted Assets. As the fixed-income underlying product issued or managed by the Manager is expected to be terminated within 2026 and is not expected to continue to be held during the renewed term, the proportion of underlying products with relatively higher liquidity is expected to further increase.

Having considered the rolling settlement characteristics of the Group's coupon liabilities and advance receipts, the timing mismatch arising from the accounting classification of term deposits in the net current liabilities, the early withdrawal availability of non-current unrestricted term deposits, the cash and bank balance level of the Group, the net cash inflow from operating activities for the six months ended 30 June 2026, Lianhua Huashang's historical month-end cash and cash equivalents balance, the revised presentation basis for unrestricted term deposits with a maturity of more than 90 days, Lianhua Huashang's three-business-day redemption right under the Single Asset Management Contract (as supplemented), the fact that such redemption mechanism has not been used to supplement daily operating liquidity, the expected liquidity arrangement of the underlying products under the indicative allocation plan for the renewed term, and the expected redemption of the portion of the existing Scheme assets in excess of RMB675 million upon commencement of the renewed arrangement, the Directors consider that the RMB675 million Entrusted Assets represent idle self-owned funds of Lianhua Huashang after reserving funds for ordinary course operations and other known funding requirements.

The Directors consider that the continued investment of RMB675 million in the Scheme will not have a material adverse impact on the ordinary course operations, working capital requirements or liquidity position of the Group or Lianhua Huashang, and is in the interests of the Company and the Shareholders as a whole.

The Directors further consider that, compared with retaining all relevant funds as bank deposits or making direct investments in individual financial assets, the Scheme allows Lianhua Huashang to utilise Shanghai Securities' investment research resources, product screening capability, portfolio allocation experience and risk-control system to manage the Entrusted Assets on a diversified and dynamic basis within the agreed investment scope, investment ratio restrictions and risk-control requirements. The renewed arrangement is subject to the investment policy, investment restrictions and the Company's ongoing monitoring and transaction-compliance procedures described in this announcement.

The Manager shall invest in accordance with the investment policy and restrictions. The Company will, through Lianhua Huashang, monitor compliance with those requirements and assess each underlying transaction under the Listing Rules in order to comply with the applicable reporting, announcement or shareholder approval requirements under the Listing Rules.

In view of the above, 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) are of the view that although the entering into of the 2026 Supplemental Agreements and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. INTERNAL CONTROL, PRICING POLICY AND MEASURES TO OPERATE AS DIVERSIFIED PORTFOLIO

Internal control and pricing policy

The Company has adopted the following internal control measures to ensure that the transactions contemplated under the Single Asset Management Contract (as supplemented), including the continuing connected transactions, are conducted in accordance with the terms of the Single Asset Management Contract (as supplemented) and in compliance with the Listing Rules:

(1) Although the sound investment strategy and risk control system of the wealth management products issued, and the asset management and investment services provided, by Shanghai Securities under the Single Asset Management Contract (as supplemented), are considered by the Company to be relatively prudent and comprehensive, the Scheme involves both returns and risks and does not guarantee the principal amount or any minimum return. Lianhua Huashang will therefore strengthen the project management on investment particulars of Shanghai Securities and monitor the net value of the assets under the Scheme on a daily basis and the performance of the Scheme on a regular basis. Accordingly, the Company will ensure that the total principal amount of the Entrusted Assets under the Scheme shall be RMB675 million and that the maximum daily investment balance under the Scheme, including the expected accumulated investment returns, shall not exceed RMB700 million during the term from 1 January 2027 to 31 December 2029.

(2) Prior to any withdrawal from the Entrusted Assets under the Scheme or any replenishment thereof, if any, Lianhua Huashang shall review and consider the past performance of the Scheme, the rate of return and risk profile of the relevant underlying investment products, the then prevailing market conditions and the assessment of expected returns, in order to ensure that any withdrawal or replenishment shall be carried out in accordance with the terms of the Single Asset Management Contract (as supplemented), and in the interests of the Company and the Shareholders as a whole. Any transfer of funds by Lianhua Huashang to, or withdrawal by it from, the Scheme shall be subject to Lianhua Huashang's internal approval procedures, including approval by the relevant department head and responsible management personnel;

(3) The Company will, through Lianhua Huashang, implement the monitoring and transaction-compliance procedures described below. The Manager shall perform its product due diligence, investment and risk-management functions in accordance with the investment policy and restrictions;

(4) Lianhua Huashang will obtain information on the Scheme's underlying products, holdings and transactions through the Manager's regular reporting and ongoing communications, review changes in the underlying portfolio on a weekly basis, and maintain relevant records to support its monitoring of the Investment Limit and the Company's assessment of applicable percentage ratios, aggregation requirements, connected-person involvement and potential conflicts of interest;

(5) At the post-investment stage, Shanghai Securities shall provide product analysis reports and market assessment reports on a regular basis to support the Company's post-investment management and future decision-making. The Company shall also conduct regular investment reviews and maintain close communication with Shanghai Securities to monitor the operation of the Scheme, fee adjustments, changes in key personnel and other material matters;

(6) The Company will closely monitor the accrual and payment of the performance fee. Upon receipt of any written notice from the Manager regarding any proposed adjustment to the benchmark for performance fee accrual (RE), Lianhua Huashang shall review the proposed adjustment with reference to, among other things, the prevailing market conditions, the historical and expected performance of the Scheme, the risk profile of the underlying investment portfolio, the proposed annual caps and the applicable requirements under the Listing Rules. If Lianhua Huashang has any objection to the proposed adjustment, it shall provide its feedback to the Manager in writing within three business days from the date of receipt of the written notice. The Company will also monitor the actual management fee and performance fee payable to Shanghai Securities on a regular basis to ensure that the relevant proposed annual caps will not be exceeded;

(7) the external auditors of the Company will conduct an annual review on the pricing and the annual caps of the continuing connected transactions; the audit committee of the Company 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 Company;

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

(9) the Company shall disclose the Single Asset Management Contract (as supplemented) and the transactions contemplated thereunder in its annual and interim reports in accordance with the relevant requirements of the Listing Rules.

(10) Investments involving Shanghai Securities, Bailian Group or their associates shall be assessed under the transaction compliance and conflict of interest procedures. No automatic exception applies solely because Shanghai Securities is the Manager or a product falls within the contractual investment scope. Shanghai Securities shall not charge duplicative management fees or performance fees at the Scheme and underlying-product levels in respect of the same assets; other fees and benefits will also be reviewed.

Weekly calculation and notification of the Investment Limit

On the Calculation Day, Lianhua Huashang will calculate the Company's Reference Market Capitalisation in accordance with the Listing Rules. It will notify Shanghai Securities in writing or by email of the applicable weekly Investment Limit before 9:30 a.m. on the Calculation Day.

If market capitalisation fluctuates, Lianhua Huashang may notify Shanghai Securities of a lower weekly limit, effective upon receipt for subsequent investments that week. A temporary notice cannot increase the weekly limit and expires on the following Calculation Day, when the limit is recalculated under the agreed formula. Lianhua Huashang is responsible for the calculation and bears the risk of a calculation error under the 2026 Supplemental Agreements.

Underlying transaction compliance and conflicts of interest

The Company will, through Lianhua Huashang, monitor on an ongoing basis each subsequent investment in an underlying product and/or allocation adjustment against the investment policy, contractual restrictions and Investment Limit. Such monitoring will be supported by the weekly limit notification arrangements, the Manager's regular reporting and ongoing communications, and records of underlying holdings and transactions. Lianhua Huashang will seek supplementary information from Shanghai Securities as necessary for the Company's assessment and follow-up.

The Company will assess each underlying investment and allocation adjustment under Chapters 14 and 14A of the Listing Rules, having regard to the nature of the transaction and all applicable percentage ratios, including the assets, profits, revenue, consideration and equity capital ratios (where applicable). It will maintain transaction records and assess aggregation under the respective requirements under the Listing Rules. Compliance with the Investment Limit does not, by itself, establish an exemption from those requirements.

The Company's review will cover connected person involvement at both the product and underlying asset levels, including the relevant managers, issuers, counterparties, ownership and other relationships appropriate to the product structure. It will also consider the commercial terms, fees and other economic benefits involving Shanghai Securities, Bailian Group or their associates. The same product selection and risk assessment criteria will apply to connected transactions and third-party products, and the prohibition on duplicative fees will not replace the review of other benefits or potential conflicts.

Under the Single Asset Management Contract (as supplemented), Shanghai Securities shall provide the necessary information and cooperation in connection with the Company's Listing Rules compliance obligations. The Company will, through Lianhua Huashang, oversee the management of the Scheme with a view to safeguarding the interests of the Company and its Shareholders as a whole. Potential conflicts involving Shanghai Securities, Bailian Group or their associates will be assessed and addressed through the Company's applicable internal procedures and corporate approval processes, with the necessary cooperation sought from Shanghai Securities. Relevant interests and benefits will be considered so that product selection and transaction terms are not improperly influenced by connected persons' interests.

Where an underlying transaction, individually or aggregated with other relevant transactions, triggers requirements under Chapters 14 and/or 14A of the Listing Rules, Lianhua Huashang shall promptly report the matter to the Company and assist it in fulfilling the applicable reporting, announcement and/or Shareholders' or Independent Shareholders' approval requirements in accordance with the Listing Rules. Shanghai Securities shall provide the necessary information and cooperation. Lianhua Huashang and the Company will retain records of the relevant information, assessments and follow-up actions, and refer material compliance issues or potential conflicts to the appropriate management level or approval process of the Company.

Measures to ensure operation as a diversified treasury-management portfolio

The Scheme shall be managed in accordance with its investment policy and restrictions, the Investment Limit and the monitoring and compliance procedures described above. Portfolio review will consider the nature of underlying assets, strategy use, concentration and liquidity, rather than relying solely on product or strategy labels.

Shanghai Securities has an independent compliance and risk-control department which continuously monitors the daily investment operations of the Scheme to ensure that the investment activities of the Scheme comply with the Group's treasury-management objectives, the Single Asset Management Contract (as supplemented) and applicable regulatory requirements.

The Company and Shanghai Securities have cooperated for more than five years. During the cooperation period, the Company has regularly obtained valuation statements and operation reports of the Scheme, continuously monitored the implementation of the underlying product strategies and relevant changes, and maintained frequent communication with Shanghai Securities. The Company considers that these arrangements enable it to monitor whether the actual operation of the Scheme remains consistent with the Group's treasury-management objectives, liquidity needs and risk appetite.

The Directors are of the view that the internal control measures in respect of the historical transactions under the Investment and Wealth Management Cooperation Framework Agreement and the Single Asset Management Contract (as supplemented) have been effectively implemented, and that the terms of the historical transactions were no less favourable than those available from independent third parties and the actual transaction amounts incurred thereunder did not exceed the relevant annual caps.

V. 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 Lianhua Huashang

Lianhua Huashang, a subsidiary of the Company, is principally engaged in retail chain business in Zhejiang Province, the PRC, including urban life center, hypermarket, comprehensive supermarket, standard supermarket, boutique supermarket, convenience store and other retail formats.

Information of Shanghai Securities

Shanghai Securities is a subsidiary of Bailian Group, principally engaged in securities business. As at the date of this announcement, Shanghai Securities is held as to 50%, 24.99%, 16.33%, 7.68% and 1% by Bailian Group (a company directly 100% held by Shanghai State-owned Assets Supervision and Administration Commission), Guotai Junan Securities Co., Ltd. (the H shares of which are listed on the Stock Exchange under the stock code 02611 and the A shares of which are listed on the Shanghai Stock Exchange under the stock code 601211), Shanghai International Group Investment Co., Ltd.*(上海國際集團投資有限公司) (a company indirectly 100% held by Shanghai State-owned Assets Supervision and Administration Commission), Shanghai International Group Co., Ltd.*(上海國際集團有限公司) (a company directly 100% held by Shanghai State-owned Assets Supervision and Administration Commission), and Shanghai Chengtou Group Corporation(上海城投(集團)有限公司)(a company directly 100% held by Shanghai State-owned Assets Supervision and Administration Commission), respectively.

Information of the Custodian Bank

The Custodian Bank is a joint stock limited company incorporated in the PRC with limited liability, and is principally engaged in a range of banking services and related financial services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Custodian Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

VI. BOARD APPROVAL

The Board has approved the entering into the 2026 Supplemental Agreements and the proposed annual caps for the management fee and performance fee payable by Lianhua Huashang to Shanghai Securities under the Single Asset Management Contract (as supplemented by the 2026 Supplemental Agreements).

Since Ms. Wang Xiao-yan, Ms. Xu Xiao-yi, Ms. Zhang Hui-qin, Mr. Cao Hai-lun and Ms. Tian Ying-jie are either holding senior positions or are directors in Bailian Group and/or its subsidiaries, they have abstained from voting on the relevant resolutions of the Board to approve the entering into the 2026 Supplemental Agreements.

Save as disclosed above, none of the other Directors was required to abstain from voting to approve the resolutions in relation to the connected transaction and continuing connected transactions.

VII. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Entrusted Assets under the 2026 Supplemental Agreements exceed 100%, the entering into of the 2026 Supplemental Agreements and the transactions contemplated thereunder constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Bailian Group is a substantial Shareholder, and Shanghai Securities is a subsidiary of Bailian Group. Accordingly, Shanghai Securities is a connected person of the Company under Chapter 14A of the Listing Rules. The provision of the Entrusted Assets to Shanghai Securities for investment and management under the 2026 Supplemental Agreements constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in respect thereof exceed 5%, such connected transaction is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The management fee and performance fee payable by Lianhua Huashang to Shanghai Securities under the 2026 Supplemental Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the highest proposed annual cap for such continuing connected transactions is more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

VIII. EGM

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the entering into of the 2026 Supplemental Agreements and the transactions contemplated thereunder.

As at the date of this announcement, Bailian Group and its associates, including Shanghai Bailian, held approximately 873,869,400 Shares, representing 59.06% of the issued share capital of the Company. Shanghai Securities, being a proposed party to the 2026 Supplemental Agreements and a subsidiary of Bailian Group, has material interests in the transactions contemplated thereunder. Therefore, Bailian Group and its associates, including Shanghai Bailian, are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the 2026 Supplemental Agreements.

Save as disclosed above, no other Shareholders would be required to abstain from voting to approve the resolutions in relation to the 2026 Supplemental Agreements at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the relevant connected transactions) will be formed to advise the Independent Shareholders on the 2026 Supplemental Agreements. The Company has appointed VBG as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the 2026 Supplemental Agreements in accordance with the Listing Rules.

IX. DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the 2026 Supplemental Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or around 25 November 2026.

X. DEFINITIONS

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

"2023 Supplemental Agreement"	the supplemental agreement to the Single Asset Management Contract entered into between Lianhua Huashang, Shanghai Securities and the Custodian Bank on 27 September 2023
"2026 Supplemental Agreements"	the supplemental agreements to the Single Asset Management Contract (as supplemented)dated 20 November 2026 entered into between Lianhua Huashang, Shanghai Securities and the Custodian Bank
"AMAC"	Asset Management Association of China (中國證券投資基金業協會)
"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
"Calculation Day"	the weekly calculation date determined in accordance with the Single Asset Management Contract (as supplemented by the 2023 Supplemental Agreement and 2026 Supplemental Agreements) for calculating the Reference Market Capitalisation and notifying Shanghai Securities of the Investment Limit

"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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Custodian Bank"	Shanghai Branch of China Construction Bank Corporation (中國建設銀行股份有限公司上海市分行)
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if appropriate, to approve, among others, the 2026 Supplemental Agreements
"Entrusted Assets"	the principal amount of assets entrusted by Lianhua Huashang under the Scheme, which shall be invested and managed by Shanghai Securities pursuant to the Single Asset Management Contract (as supplemented by the 2023 Supplemental Agreement and 2026 Supplemental Agreements)
"ETF"	exchange traded fund
"Group"	the Company and its subsidiaries

"H Share(s)"	the overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	independent board committee of the Company comprising all of the independent non-executive Directors
"Independent Financial Adviser" or "VBG"	VBG Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Supplemental Agreements, which is a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	the Shareholders, other than Bailian Group, Shanghai Bailian and their respective associates, who will abstain from voting on the relevant resolution in relation to the 2026 Supplemental Agreements at the EGM
"Investment and Wealth Management Cooperation Framework Agreement"	the investment and wealth management cooperation framework agreement entered into between the Company and Shanghai Securities on 23 April 2021, details of which are disclosed in the announcement of the Company dated 23 April 2021 and the circular of the Company dated 27 May 2021

"Investment Limit"	the monetary limit equal to 3.0% of the Reference Market Capitalisation, calculated and notified by Lianhua Huashang to Shanghai Securities on a weekly basis in accordance with the Single Asset Management Contract (as supplemented), subject to any downward adjustment notified by Lianhua Huashang in accordance therewith
"Investment Restriction"	the restriction under the Single Asset Management Contract (as supplemented), applicable from 1 January 2027, pursuant to which the aggregate amount of subscriptions and additional subscriptions by the Scheme in (i) the same underlying product and (ii) underlying products managed by the same underlying product manager shall, in each case, not exceed the applicable Investment Limit, calculated over a rolling 12-month period, including the proposed investment and without deduction for maturities, redemptions or exits
"Lianhua Huashang"	Hangzhou Lianhua Huashang Group Co., Ltd.* (杭州聯華華商集團有限公司), a subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LOF"	listed open-ended fund

"Manager"	the manager under the Scheme, i.e., Shanghai Securities
"NAFMII"	National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會)
"PBOC"	the People's Bank of China
"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
"percentage ratio"	has the meaning ascribed to it under the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"Reference Market Capitalisation"	the market capitalisation of the Company, expressed in RMB and calculated by Lianhua Huashang on each Calculation Day by multiplying the average closing price of the Company's H Shares on the Stock Exchange for the five trading days immediately preceding that Calculation Day by the corresponding total number of issued Shares (excluding treasury shares), with the resulting amount converted into RMB, in accordance with the 2026 Supplemental Agreements

"Scheme"	the open-ended mixed FOF single asset management scheme known as Shanghai Securities Aoxiang Lanhai FOF Single Asset Management Scheme* (上海證券翱翔藍海FOF單一資產管理計劃), established under the Single Asset Management Contract (as supplemented) and managed by Shanghai Securities
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Bailian"	Shanghai Bailian Group Co., Limited* (上海百聯集團股份有限公司), a substantial Shareholder
"Shanghai Securities"	Shanghai Securities Co., Ltd.* (上海證券有限責任公司), a subsidiary of Bailian Group
"Shareholder(s)"	the shareholder(s) of the Company
"Single Asset Management Contract"	the single asset management contract entered into among Lianhua Huashang, Shanghai Securities and the Custodian Bank on 8 July 2021 in relation to the asset management and investment services provided by Shanghai Securities to Lianhua Huashang, as supplemented
"SSE"	the Shanghai Stock Exchange
"State Council"	the State Council of the PRC
"ST stocks"	special treatment stocks and means special treatment for companies with financial problems (consecutive two fiscal years loss or audited net assets per share less than par value in the most recent fiscal year)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SZSE"	the Shenzhen Stock Exchange
"%"	per cent

By order of the Board
Lianhua Supermarket Holdings Co., Ltd.
Wang Xiao-yan
Chairman

Shanghai, the People's Republic of China, 20 November 2026

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

Executive directors:	Wang Xiao-yan, Xu Xiao-yi and Zhang Hui-qin;
Employee representative director:	Zhang Qi-qiang;
Non-executive directors:	Wu Si-yun, Cao Hai-lun and Tian Ying-jie;
Independent non-executive directors:	Xia Da-wei, Lee Kwok Ming, Don, Chen Wei and Zhao Xin-sheng.