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(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00980)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

SALES AGENCY FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 30 September 2022 and the circular of the Company dated 16 November 2022.

As the Existing Sales Agency Framework Agreement is expiring on 31 December 2023, the Company entered into the Sales Agency Framework Agreement with Bailian Omni-channel on 27 September 2023 to renew and continue the transactions under the Existing Sales Agency Framework Agreement, pursuant to which, Bailian Omni-channel agreed to sell the Goods on behalf of the Group through its e-commerce platform for a term of three years commencing from 1 January 2024 to 31 December 2026 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Bailian Group is a substantial Shareholder, and Bailian Omni-channel is a subsidiary of Bailian Group. As such, Bailian Omni-channel constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Sales Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the highest proposed annual cap under the Sales Agency Framework Agreement is more than 5%, the transactions contemplated under the Sales Agency Framework Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve, among others, the entering into the Sales Agency Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder. An Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the relevant continuing connected transactions) will be formed to advise the Independent Shareholders on the Sales Agency Framework Agreement (including the proposed annual caps). The Company has appointed Lego as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Sales Agency Framework Agreement (including the proposed annual caps) in accordance with the Listing Rules.

A circular containing, among other things, (i) details of the Sales Agency Framework Agreement; (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 before 6 November 2023, which is beyond 15 business days after the publication of this announcement as additional time is required for the Company to prepare the circular and other relevant documents for the EGM.

I. BACKGROUND

Reference is made to the announcement of the Company dated 30 September 2022 and the circular of the Company dated 16 November 2022.

As the Existing Sales Agency Framework Agreement is expiring on 31 December 2023, the Company entered into the Sales Agency Framework Agreement with Bailian Omni-channel on 27 September 2023 to renew and continue the transactions under the Existing Sales Agency Framework Agreement, pursuant to which, Bailian Omni-channel agreed to sell the Goods on behalf of the Group through its e-commerce platform for a term of three years commencing from 1 January 2024 to 31 December 2026 (both days inclusive).

II. SALES AGENCY FRAMEWORK AGREEMENT

Date

27 September 2023

Parties

- (1) Bailian Omni-channel (as agent); and
- (2) the Company (as principal)

Term

The Sales Agency Framework Agreement is for a term of three years commencing from 1 January 2024 to 31 December 2026 (both days inclusive).

Sales Agency

Pursuant to the Sales Agency Framework Agreement, Bailian Omni-channel agreed to sell the Goods on behalf of the Group through its e-commerce platform.

Bailian Omni-channel will settle the Selling Prices (as defined below) with the Company as agreed in the agreement. The fees payable by the Company are as follows:

- (1) in respect of Goods sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group through the main site of their e-commerce platforms, the Company will pay Bailian Omni-channel the platform usage fee which is equivalent to 4% of the total transaction amount of Goods sold and shall not exceed 4% of the sales budget of the Goods (whichever is lower). Besides, the Company shall also pay Bailian Omni-channel the payment handling fees which shall be charged at actual cost and shall not exceed 0.5% of the total transaction amount of Goods sold;
- (2) in respect of Goods sold by third-party platforms through the main site of e-commerce platform of Bailian Omni-channel and/or its subsidiaries, the Company will pay Bailian Omni-channel the platform usage fee which is equivalent to 1% of the total transaction amount of Goods sold (together with the platform usage fee and payment handling fee described in paragraph (1) above, the “**Bailian Omni-channel Platform Fees**”); and
- (3) the third party platform usage fee paid by Bailian Omni-channel on behalf of the Group at actual cost (the “**Third Party Expenses**”).

The parties and/or their subsidiaries will enter into individual sales agency contracts setting out specific terms including the transaction price determination, settlement method, payment terms and timing of payment. Such terms will be consistent with the principles and the terms of the Sales Agency Framework Agreement. If there is any discrepancy between the terms of an individual sales agency contract and the Sales Agency Framework Agreement, the latter shall prevail.

The Company or its subsidiaries has the sole discretion to set the selling prices of the Goods (the “**Selling Prices**”) to be sold on the e-commerce platforms of Bailian Omni-channel and/or its subsidiaries. The prices at which the Company or its subsidiaries charges Bailian Omni-channel and/or its subsidiaries for the supply of the Goods are the same as the Selling Prices.

Consideration and Payment

- (1) The Selling Prices are set solely by the Company or its subsidiaries with reference to the prevailing prices of the comparable Goods sold at the outlets of the Group during the same period and as such, the Selling Prices are subject to the same pricing policies as that of the Group with respect to its outlets. This would ensure that the Selling Prices would not be less favourable than those available from independent third parties in real-time.
- (2) In respect of Goods sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group through the main site of their e-commerce platforms, and the Goods sold by third-party platforms through the main site of Bailian Omni-channel’s e-commerce platforms, the Company agrees to pay Bailian Omni-channel the Bailian Omni-channel Platform Fees.

In respect of the third party platforms usage fee paid by Bailian Omni-Channel on behalf of the Company at actual cost, the Company agrees to pay Bailian Omni-channel the Third Party Expenses.

- (3) Depending on the specific conditions of transactions contemplated under the individual sales agency contracts, the platform usage fee payable by the Company or its subsidiaries to Bailian Omni-channel and/or its subsidiaries and the Selling Prices payable by Bailian Omni-channel and/or its subsidiaries to the Company or its subsidiaries under the individual sales agency contracts are to be made by bank transfer as agreed in the agreement and shall be consistent with the market payment terms of purchasing such particular type of Goods.

- (4) The transactions contemplated under the Sales Agency Framework Agreement will be conducted in the ordinary and usual course of business of the Company and Bailian Omni-channel on normal commercial terms and on terms not be less favourable than those available from independent third parties.

The shopping procedures and payment method for the transactions under the Sales Agency Framework Agreement are set out as follows:

- (1) The end customer will place an order for the purchase of Goods and pay the Selling Prices to Bailian Omni-channel on its e-commerce platform. After Bailian Omni-channel and/or its subsidiaries receives an order from the end customer on its e-commerce platform, it will notify the Company or its subsidiaries of such order information. Upon receiving such notification, the Company or its subsidiaries will deliver the Goods to the end customer. Bailian Omni-channel will settle the Selling Prices with the Company which is equivalent to the total transaction amount of Goods sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group through its e-commerce platform as agreed in the agreement. After the Selling Prices are settled by Bailian Omni-channel, the Company will pay Bailian Omni-channel (i) the platform usage fee which is equivalent to 4% of the total transaction amount of Goods sold or 4% of the sales budget of the Goods (whichever is lower); and (ii) the payment handling fee which is charged at actual cost and shall not exceed 0.5% of the total transaction amount of Goods sold; and
- (2) The end customer will place an order for the purchase of Goods of the Group and pay the Selling Prices to the third-party platforms on their e-commerce platforms. The third-party platforms will transmit the order information to Bailian Omni-channel, and Bailian Omni-channel will notify the Company or its subsidiaries of such order information. Upon receiving such notification, the Company or its subsidiaries will deliver the Goods to the end customer. The settlement period between Bailian Omni-channel and the third-party platforms is subject to the individual contracts entered into by them. Bailian Omni-channel will settle the Selling Prices with the Company which are equivalent to the total transaction amount of Goods sold through the third-party platforms as agreed in the agreement. After the Selling Prices are settled by Bailian Omni-channel, the Company will (i) pay Bailian Omni-channel the platform usage fee which is equivalent to 1% of the total transaction amount of Goods sold by the Group through the third party platforms; and (ii) pay the third party platforms usage fees paid by Bailian Omni-channel on behalf of the Group at actual cost.

Historical Amount

The historical transactions amounts for the sales agency services provided by Bailian Omni-channel and/or its subsidiaries for the three years ended 31 December 2020, 31 December 2021 and 31 December 2022 and eight months ended 31 August 2023 are as follows, amongst which, platform usage fees comprise of Bailian Omni-channel Platform Fees and Third Party Expenses:

For the Year/Period ended	Transaction Amounts <i>(RMB thousand)</i>	Platform Usage Fees <i>(RMB thousand)</i>
31 December 2020	600,780.0	27,358.0
31 December 2021	708,499.8	33,365.8
31 December 2022	532,131.0	45,523.0
31 August 2023	598,188.1	30,901.7

Proposed Annual Caps and Basis of Proposed Annual Caps

The maximum annual transaction amount in respect of the Goods to be sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group for the three financial years ending 31 December 2026 under the Sales Agency Framework Agreement is set out as follows:

For the Year ended 31 December	Maximum Transaction Amounts <i>(RMB thousand)</i>
2024	1,400,000
2025	1,500,000
2026	1,600,000

Such maximum annual transaction amount is determined after taking into account the following primary factors:

1. the anticipated continuously increasing demands for the Goods to be sold on the e-commerce platforms of Bailian Omni-channel and/or its subsidiaries under the Sales Agency Framework Agreement. The Goods sold by the Company mainly comprises fast-moving consumer goods which focus on catering the livelihood needs. Customers have gradually shifted from offline to online purchases these years due to the convenience offered by e-commerce platforms, and the popularity of mobile applications and WeChat mini-programs. In recent years, the Group has been actively expanding its online channels through e-commerce technology, striving to accelerate the integration of its online and offline businesses, and focusing on the development of the “Delivery to Home” business promoted on the ecommerce platforms, which focuses on fulfilling the actual needs of customers’ daily life. Therefore, the Company considers that there is huge potential in such market and such market has huge attractions to customers;
2. considering the fact that the existing transactions amounts between the Group and Bailian Omni-channel have shown a continuous growth trend since 2019, and with the gradual recovery of the PRC economy and the continuous improvement of the “Delivery to Home” business, the continuous expansions of the types of commodities, especially the expansion of types of fresh produce, the continuous improvements in the services provided and the fact that the Group also actively and effectively carried out activities to expand membership and accelerated the connection with physical stores, the registered members of Bailian Omni-channel have recorded considerable growth at compound annual growth rate of approximately 20% since 2019;

3. in the past years, the Company deepened the cooperation with the e-commerce platforms of Bailian Omni-channel for the sales agency business in Anhui Province and Jiangsu Province, and the e-commerce business of the Company expanded. Bailian Omni-channel has already fully covered 100% of the Group's business in Anhui Province and Jiangsu Province. As the platform coverage of Bailian Omni-channel continues to grow, there are also considerable outlet scales and mature customer groups that are not weaker than those in Shanghai in such operating areas. It is estimated that the online sales of the Company will increase significantly; and
4. the e-commerce businesses of Bailian Omni-channel and/or its subsidiaries have been developed and continuously perfected in the past years and already obtained a comparably large customer flow base and user stickiness. Moreover, it is expected that the periodical promotion activities will attract more online customer flows.

The maximum platform usage fee payable by the Group for the three financial years ending 31 December 2026 under the Sales Agency Framework Agreement is RMB95,000 thousand, RMB107,000 thousand and RMB120,000 thousand respectively. Amongst which, Bailian Omni-channel Platform Fees shall not exceed RMB31,000 thousand, RMB32,000 thousand and RMB33,000 thousand respectively.

Such annual caps are determined after taking into account the following primary factors:

1. The fee payable to Bailian Omni-channel by the Company for using ecommerce platforms of Bailian Omni-channel and/or its subsidiaries which amounts to (a) 4% of the total transaction amount of Goods sold or 4% of the sales budget of the Goods (whichever is lower) plus the payment handling fee which is charged at actual cost and shall not exceed 0.5% of the total transaction amount of Goods sold in respect of Goods sold by Bailian Omni-channel and/or its subsidiaries through the main site of their e-commerce platforms; and (b) 1% of the total transaction amount of Goods sold in respect of Goods sold by the Group through the third-party platforms and the third party platforms usage fees paid by Bailian Omni-channel on behalf of the Group at actual cost.

The rate for the fees for using e-commerce platforms of Bailian Omni-channel and/or its subsidiaries is negotiated on arm's-length basis between both parties and with reference to the prices of relevant services quoted from two independent third parties (namely, JD Daojia (京東到家) and Meituan Waimai (美團外賣)) for the sales of the same goods. Although these two independent third-party platforms have been widely recognised by the public, which in turn can provide customer flow to the online business of the Company and increase the sales of the Company, the sales agency services provided by them are not totally comparable to those provided by Bailian Omni-channel for the following reasons:

- (a) the online e-commerce platform of Bailian Omni-channel is tailor-made for the Company, which could integrate the e-commerce business and offline business, for example the membership and merit point systems in the offline business will apply to the e-commerce business in order to retain the existing customers and capture new customers. Other tailor-made services will also be provided to customers of the Group such as providing recommendations to customers on fresh produce that are in season in order to strengthen customers' loyalty. Such tailor-made services would not be available in other existing platforms; and
- (b) Bailian Omni-channel provides and intends to provide similar services to its connected persons (including the Group) only and no independent third-party sellers will be involved. Among those connected sellers, the Company's products will have a higher priority and higher visibility in the platform operated by Bailian Omni-channel. Products of the Company will be put at first priority of Bailian Omni-channel and thus will be displayed on the first page of the e-commerce platform as well as the relevant search results of the e-commerce platform in order to have higher exposure to the public. Bailian Omni-channel also provides the Company with other additional services, including maintaining the customised web pages of the Company, providing Bailian member traffic support and providing instant after-sale services for the Goods sold. These selling strategies are expected to boost the sales of the Company via e-commerce platform.

In addition, engaging an independent contractor to develop a tailor-made e-commerce platform would normally involve vast sum of cash outlay, whilst the arrangement of platform usage fee as contemplated under the Sales Agency Framework Agreement, which will be a percentage to the actual sales to be recognised through the e-commerce platform of Bailian Omni-channel, would allow the Group to avoid such vast sum of cash outlay. Therefore, the Company considers that the platform usage fee charged by Bailian Omni-channel is fair and reasonable taking into consideration of all factors mentioned above.

2. The platform usage fee rates were determined after arm's-length negotiation between the Company and Bailian Omni-channel with reference to the scope of services to be provided by Bailian Omnichannel, the market rate (namely the average platform usage fee) charged by the third-party platforms and the platform maintenance costs of Bailian Omni-channel. To the best knowledge of the Directors, the third-party platforms charge different platform usage fees for different types of goods sold or services provided on their ecommerce platforms. The platform usage fees (including the delivery fees of the Goods) charged by the third-party platforms such as Ele.me (餓了麼), Meituan Waimai (美團外賣) and JD Daojia (京東到家) consist of a fixed amount per order and a certain ratio of the order amount. According to the historical transactions of the Company, the market rate (namely the average platform usage fee) charged by the third-party platforms is within the range of 6% to 7.5% of the total transaction amounts. The platform usage fee charged by Bailian Omnichannel is 4% of the total transaction amount of Goods sold or 4% of the sales budget of the Goods (whichever is lower) plus the payment handling fee which is charged on a cost-incurred basis and shall not exceed 0.5% of the total transaction amount of Goods sold. Therefore, the actual ratio of fees charged by Bailian Omni-channel (including platform usage fee and payment handling fee) will be equivalent to or less than 4.5% of the total transaction amount of Goods sold.

Bailian Omni-Channel, as a self-owned platform of Bailian Group, is not only an online e-commerce platform but also a fulfillment intermediary between the third-party platforms and the Group, as well as providing other customized services to the Group. 1% of total transaction amount of Goods sold in respect of Goods sold by the Group on independent third-party platforms which processed through Bailian Omni-channel will be paid to Bailian Omni-channel as platform usage fee, which is after taking into account that: (i) Bailian Omni-channel enables the Group to integrate order and delivery information of multiple platforms which reduces the cost of use and management cost due to the coexistence of different systems from different platforms at the same time whereas improves the accuracy of the inventory management as well as the delivery efficiency; (ii) through the centralisation of data processing through Bailian Omnichannel, data protection on customer and other business information of the Group can be enhanced; and (iii) based on the platform maintenance costs (being mainly the staff cost and depreciation expenses) of Bailian Omni-channel, the operating costs that the Group may incur for operating its own online platform would be substantially higher than the annual platform usage fee being paid to Bailian Omni-channel. Hence, after taking into account the abovementioned factors, the Group can further effectively save investment and operating costs on its e-commerce business through the services provided by Bailian Omni-channel.

As such, the platform usage fee payable to Bailian Omni-channel and/or its subsidiaries which is equivalent to (a) 4% of the total transaction amount of Goods sold or 4% of the sales budget of the Goods (whichever is lower) plus the payment handling fee which is charged at actual cost and shall not exceed 0.5% of the total transaction amount of Goods sold in respect of Goods sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group through the main site of their e-commerce platforms; and (b) 1% of the total transaction amount of Goods sold in respect of Goods sold by the Group through the third-party platforms and the third party platforms usage fees paid by Bailian Omni-channel on behalf of the Group at actual cost would not be less favourable.

3. Each of the proposed annual caps in respect of the Goods sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group for the three years ending 31 December 2026 is RMB1.4 billion, RMB1.5 billion and RMB1.6 billion.

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) consider that the proposed annual caps under the Sales Agency Framework Agreement, including the maximum aggregate annual transaction amount in respect of the Goods to be sold by Bailian Omni-channel and/or its subsidiaries on behalf of the Group and the platform usage fee which is equivalent to (a) 4% of the total transaction amount of Goods sold or 4% of the sales budget of the Goods (whichever is lower) plus the payment handling fee which is charged on a cost-incurred basis and shall not exceed 0.5% of the total transaction amount of Goods sold in respect of Goods sold by Bailian Omnichannel and/or its subsidiaries on behalf of the Group through the main site of their e-commerce platforms; and (b) 1% of the total transaction amount of Goods sold in respect of Goods sold by the Group through the third-party platforms are fair and reasonable.

Reasons for and Benefits of Entering into the Sales Agency Framework Agreement

In view of the increasing business scale of Bailian Omni-channel and its subsidiaries, the Company considers that Bailian Group's development of e-commerce will promote the Group's development of e-commerce and bring more sources of revenue for the Company, and the entering into of the Sales Agency Framework Agreement with Bailian Omni-channel and/or its subsidiaries will provide a new platform for and greatly increase the volume of the sale of Goods of the Company.

The Company considers that the entering into of the Sales Agency Framework Agreement with Bailian Omni-channel and/or its subsidiaries will further enhance their business relationships, which will benefit the stability of the Company's operation activities and long-term development.

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 the terms of the Sales Agency Framework Agreement are fair and reasonable and is entered into on normal commercial terms, and on terms no less favourable than those available from independent third parties under the prevailing local market conditions, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

Internal Control and Pricing Policy

In order to ensure that the terms for the sales agency services provided by the Bailian Omni-channel and/or its subsidiaries are not less favourable than those available to independent third parties, the Group has adopted the following measures:

1. the Selling Prices are set solely by the Company or its subsidiaries with reference to the prevailing prices of the comparable Goods sold at the outlets of the Group during the same period and as such, the Selling Prices are subject to the same pricing policies as that of the Group with respect to its outlets. This would ensure that the Selling Prices would not be less favourable than those available from independent third parties in real-time;
2. the platform usage fee for using the e-commerce platforms of Bailian Omni-channel and/or its subsidiaries are negotiated on arm's length basis and with reference to the prices of relevant comparable services quoted from two independent third parties. The personnel in the electronic business department of the Company will regularly monitor the prevailing market price for the platform usage fee and will submit by writing their updates on the relevant prevailing market price for the platform usage fee semi-annually to the head of electronic business department;
3. the Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control manual on continuing connected transactions. The relevant personnel of the business department of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the above pricing policies;
4. the Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transactions;

5. the Company's audit committee will review at least twice a year the analysis reports and the improvement measures prepared by the Company's management based on the implementation of the continuing connected transactions by the Group; and
6. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions.

III. 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 the Bailian Omni-channel

Bailian Omni-channel is a wholly-owned subsidiary of Bailian Group, principally engaged in e-commerce business platform and regional O2O omni-channel service operation in the e-commerce project of Bailian Group.

IV. BOARD'S APPROVAL

The Board has approved the entering into of the Sales Agency Framework Agreement and the proposed annual caps, and none of the Directors has any material interest in the transactions contemplated thereunder.

Since Mr. Pu Shao-hua, Mr. Shi Xiao-long, Mr. Chong Xiao-bing, Ms. Zhang Shen-yu and Mr. Dong Xiao-chun 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 of the Sales Agency Framework Agreement.

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

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, Bailian Group is a substantial Shareholder, and Bailian Omni-channel is a subsidiary of Bailian Group. As such, Bailian Omni-channel constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Sales Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the highest proposed annual cap under the Sales Agency Framework Agreement is more than 5%, the transactions contemplated under the Sales Agency Framework Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. EGM

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve, among others, the Sales Agency Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder.

As at the date of this announcement, Bailian Group and its associates, including Shanghai Bailian, held approximately 513,869,400 Shares, representing 45.90% of the issued share capital of the Company. Bailian Group and/or its subsidiary, being a party to the Sales Agency Framework Agreement, has material interests in the relevant continuing connected transactions. 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 Sales Agency Framework Agreement (including the proposed annual caps).

Saved as disclosed above, no other Shareholders would be required to abstain from voting to approve the resolutions in relation to the continuing connected transactions (including the proposed annual caps) at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the relevant continuing connected transactions) will be formed to advise the Independent Shareholders on the Sales Agency Framework Agreement (including the proposed annual caps).

The Company has appointed Lego as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Sales Agency Framework Agreement (including the proposed annual caps) in accordance with the Listing Rules.

VII. DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Sales Agency Framework Agreement; (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 before 6 November 2023, which is beyond 15 business days after the publication of this announcement as additional time is required for the Company to prepare the circular and other relevant documents for the EGM.

VIII. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Bailian Group”	Bailian Group Co., Ltd.* (百聯集團有限公司), a limited liability company incorporated in the PRC and a substantial Shareholder
“Bailian Omni-channel”	Bailian Omni-channel E-commerce Co., Ltd.* (百聯全渠道電子商務有限公司), a wholly-owned subsidiary of Bailian Group
“Board”	the board of Directors of the Company
“Company”	Lianhua Supermarket Holdings Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange
“connected person”	shall have the meaning ascribed to it under the Listing Rules

“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 Sales Agency Framework Agreement (including the proposed annual caps)
“Existing Sales Agency Framework Agreement”	the sales agency framework agreement dated 30 September 2022 entered into between the Company and Bailian Omni-channel, details of which are disclosed in the announcement of the Company dated 30 September 2022 and the circular of the Company dated 16 November 2022
“Goods”	the goods to be sold by Bailian Omni-channel on behalf of the Group pursuant to the terms the Sale Agency Framework Agreement including food, washing detergent, fresh produce, home textiles, home appliances and miscellaneous items
“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 Advisor” or “Lego”	Lego Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sales Agency Framework Agreement (including the proposed annual caps), which is a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity 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 Sales Agency Framework Agreement (including the proposed annual caps) at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Agency Framework Agreement”	the sales agency framework agreement entered into between the Company and Bailian Omni-channel on 27 September 2023, details of which are disclosed in this announcement
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Shanghai, the PRC, 27 September 2023

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

Executive Director: Chong Xiao-bing;

Non-executive Directors: Pu Shao-hua, Shi Xiao-long, Hu Xiao, Zhang Shen-yu, Dong Xiao-chun and Wong Tak Hung;

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

* *For identification purpose only*