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

(Stock Code: 00980)

INSIDE INFORMATION RECOGNITION OF SHARE OF LOSS

This announcement is made by Lianhua Supermarket Holdings Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby makes the following announcement in respect of the recognition of share of loss in relation to an associate of the Company.

I. BACKGROUND OF RECOGNITION OF SHARE OF LOSS IN AN ASSOCIATE OF THE COMPANY

The Company was informed that, Shanghai Carhua Supermarket Co., Ltd.* (上海聯家超市有限公司) (“**Carhua**”), an associate of the Company, has approved recognition of expected credit losses of certain financial assets in non-trade nature, after consideration of the operating loss and financial position of its related parties.

II. EFFECT ON THE COMPANY’S FINANCIAL POSITION

In light of the above-mentioned Carhua’s provision of expected credit losses of certain financial assets in non-trade nature, the Group is expected to incur a significant loss for the twelve months ending 31 December 2023, which is mainly due to share of loss of Carhua. Excluding Carhua’s normal operating loss, it recognized significant amount of expected credit loss to its financial assets which is mainly non-trade nature to its related parties. The financial assets are credit-impaired as those related parties of Carhua have financial difficulties and there is no realistic prospect of recovery. Therefore, the Group will recognize share of loss of Carhua amounting to approximately RMB367 million in profit and loss under the equity method for the twelve months ending 31 December 2023 and will reduce the net assets accordingly.

III. RELEVANT APPROVAL PROCEDURES

The above-mentioned recognition of share of loss of Carhua were considered and approved by the Board, the audit committee of the Company and the supervisory committee of the Company, and the independent directors of the Company have given an independent opinion in respect of the recognition of share of loss of Carhua.

The Board is of the view that the recognition of share of loss in relation to the interest in Carhua (i) are made in compliance with the Hong Kong Financial Reporting Standards (the “**HKFRS**”) and the relevant requirements of the Company, (ii) are in line with the actual conditions of the Company’s assets, and (iii) fairly reflects the financial position and operating results of the Group for the year ending 31 December 2023.

The independent directors of the Company are of the view that the share of loss of Carhua are recognised in accordance with the HKFRS and the relevant requirements of the Company and are in line with the actual conditions of the Company’s assets, and the approval procedures for recognition of the share of loss of Carhua are in compliance with laws and regulations, and it will more fairly reflects the financial position and operating results of the Group.

The audit committee of the Company is of the view that the recognition of the share of loss of Carhua meets the HKFRS and relevant requirements of the Company, which can fairly reflect the financial position of the Group and help provide investors with more truthful, reliable, and accurate accounting information.

The supervisors of the Company are of the view that the share of loss of Carhua are recognised in accordance with the HKFRS and the relevant requirements of the Company and are in line with the actual conditions of the Company's assets. After recognition of the share of loss of Carhua, the financial statements of the Company for the year ending 31 December 2023 will more fairly reflect the financial position and operating results of the Group.

IV. OTHER

The above-mentioned recognition of share of loss of Carhua will be disclosed in the notes of the financial statements of the Company for the year ending 31 December 2023 as set out in the next annual report of the Company.

By order of the Board

Lianhua Supermarket Holdings Co., Ltd.

Pu Shao-hua

Chairman

Shanghai, the People's Republic of China, 16 November 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.