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

(Stock Code: 00980)

ANNOUNCEMENT

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AND RESIGNATION AND APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND MEMBER OF AUDIT COMMITTEE

Reference is made to the announcement (the “**Announcement**”) of the Lianhua Supermarket Holdings Co., Ltd. (the “**Company**”) dated 12 May 2024 in relation to, among other things, the Domestic Share Subscription and application for Whitewash Waiver. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board hereby announces that Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed by the Company as the Independent Financial Adviser to advise the Connected Transaction IBC, the Whitewash Waiver IBC and the Independent Shareholders as to whether the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver (as the case may be) are fair and reasonable and make recommendations as to voting.

The appointment of Lego Corporate Finance Limited as the Independent Financial Adviser has been approved by the Independent Board Committees pursuant to Rule 2.1 of the Takeovers Code. The letter of advice of Lego Corporate Finance Limited in respect of the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver will be included in the Whitewash Circular.

RESIGNATION AND APPOINTMENT OF NON-EXECUTIVE DIRECTORS AND MEMBER OF AUDIT COMMITTEE

The board of directors (the “**Board**”) of the Company announces that, due to impending retirement, Mr. Dong Xiao-chun (“**Mr. Dong**”) has tendered his resignation as a non-executive director, and the member of the audit committee of the Company.

Pursuant to Rule 7 of the Takeovers Code, once a bona fide offer has been communicated to the board of the offeree company or the board of the offeree company has reason to believe that a bona fide offer is imminent, except with the consent of the Executive, the directors of an offeree company should not resign until the first closing date of the offer, or the date when the offer becomes or is declared unconditional, or shareholders have voted on the waiver of a general offer obligation under Note 1 on dispensations from Rule 26, whichever is the later. Pursuant to Note 2 to Rule 7 of the Takeovers Code, the Executive will normally consent to the resignation of a director if the offeror is a controlling shareholder before the commencement of the offer period except when such director is eligible to serve on the independent board committee in relation to the general offer. Accordingly, an application was made by the Company to seek the consent of the Executive to the resignation of Mr. Dong under Rule 7 of the Takeovers Code, and the Executive has granted such consent.

The above resignation of Mr. Dong became effective at the time when the appointment of the new non-executive directors were approved at the Meeting (as defined below) on 24 May 2024. Mr. Dong has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that need to be brought to the attention of the shareholders of the Company.

The Company would like to take this opportunity to express its sincere gratitude to Mr. Dong for his contribution and support to the Company during his term of office.

The Board has convened a meeting (the “**Meeting**”) on 24 May 2024 in accordance with the requirements of the Company Law of the PRC and the articles of association of the Company.

The Board is pleased to announce that Ms. Yang Qin (“**Ms. Yang**”) (*Note*) has been appointed as a non-executive director, and the member of the audit committee of the Company for an initial term commencing from 24 May 2024 until the conclusion of the annual general meeting of the Company to be held on 20 June 2024 and shall be eligible for re-election.

The above appointments of Ms. Yang becomes effective after such appointments were approved at the Meeting (“**Effective Date**”).

As disclosed in the Announcement, pursuant to Rule 2.8 of the Takeovers Code, the Whitewash Waiver IBC (comprising all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Domestic Share Subscription and the Whitewash Waiver, namely Ms. Hu Xiao, Mr. Wong Tak Hung, Mr. Xia Da-wei, Mr. Lee Kwok Ming, Don, Mr. Chen Wei and Mr. Zhao Xin-sheng) was formed to advise the Independent Shareholders as to the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver and make recommendations as to voting. Since Ms. Yang is currently holding senior position in Shanghai Bailian, she will not be included as a member of the Whitewash Waiver IBC upon appointment as non-executive Director and there will be no change to the composition of the Whitewash Waiver IBC.

WARNING

Shareholders and potential investors of the Company should note that there is no assurance that the Domestic Share Subscription will proceed. The Company will publish announcement(s) to update the status of the Domestic Share Subscription as and when appropriate. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

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

Shanghai, the PRC, 24 May 2024

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

Executive directors: Chong Xiao-bing and Zhang Hui-qin;

Non-executive directors: Pu Shao-hua, Hu Xiao, Zhang Shen-yu, Yang Qin and Wong Tak Hung;

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

The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

Note:

Ms. Yang Qin, aged 41, held a bachelor's degree of management majoring in accounting and a master's degree of business administration from the accounting department, and the business administration department of the school of management of Fudan University, and is a Chinese Certified Public Accountant. Ms. Yang is currently the chief financial officer and secretary to the board of directors of Shanghai Bailian Group Co., Limited* (上海百聯集團股份有限公司) (a company listed on the Shanghai Stock Exchange under the stock code of 600827 and 900923). From July 2005 to February 2011, Ms. Yang worked in Deloitte Touche Tohmatsu as an audit manager. From February 2011 to September 2018, Ms. Yang worked at Red Star Macalline Furniture Group Company Limited* (紅星美凱龍家具集團股份有限公司) (a company listed on the Shanghai Stock Exchange under the stock code of 601828 and on The Stock Exchange of Hong Kong Limited under the Stock Code of HK.1528), where she served as the deputy general manager of the financial management center and the financial director of the financial management center. From September 2018 to June 2023, Ms. Yang worked for Red Star Macalline Holdings Group Limited* (紅星美凱龍控股集團有限公司), where she served as the chief financial officer and chief executive officer. From October 2018 to July 2021, Ms. Yang was concurrently the chief financial officer of Chongqing Red Star Macalline Enterprise Development Co., Ltd.* (重慶紅星美凱龍企業發展有限公司). From June 2023 to present, Ms. Yang has served as the chief financial officer and secretary to the board of directors of Shanghai Bailian Group Co., Limited. Ms. Yang has financial management experience in large multi-sector group companies and listed companies.

Ms. Yang was appointed as a non-executive director of the Company at the Meeting for an initial term from the Effective Date until the conclusion of the annual general meeting of the Company to be held on 20 June 2024 and shall be eligible for re-election. Ms. Yang will not enter into any service contract with the Company and she will not be entitled to any remuneration from the Company for her appointment as a Director.

As at the date of this announcement, Ms. Yang has no interest in the shares, underlying shares and/or debentures of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Ms. Yang has not held any other directorships in any public listed companies in the past three years and has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. Ms. Yang confirmed that there is no other information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and there is no matter that need to be brought to the attention of shareholders of the Company and the Stock Exchange of Hong Kong Limited.

* *For identification purpose only*