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

(Stock Code: 00980)

CLARIFICATION ANNOUNCEMENT

Reference is made to the interim results announcement dated 25 August 2016 of Lianhua Supermarket Holdings Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2016 (the “**2016 Interim Results Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as defined in the 2016 Interim Results Announcement.

In the section headed “17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS” on page 17 of the 2016 Interim Results Announcement, as at 30 June 2016, the Group had an unaudited total financial assets at fair value through profit or loss of RMB2,352,076,000, which included unlisted financial products amounted to an unaudited value of RMB2,350,057,000 and equity securities listed in Shanghai Stock Exchange amounted to an unaudited value of RMB2,019,000. As explained in the note to the same section, the financial assets at fair value through profit or loss “*were measured at fair value at the end of the reporting period, with corresponding gain on change in fair value of RMB43,294,000...*” (the “**Fair Value Gain**”).

The Company would like to clarify and provide the following additional information in respect of the Fair Value Gain in respect of the unlisted financial products:

1. The Group invested in a number of unlisted financial products, which were all wealth management plans managed by licensed financial institutions in the PRC (the “**Wealth Management Plans**”) and their total fair value was amounted to an unaudited amount of approximately RMB2,350,057,000 as at 30 June 2016. The investment under the Wealth Management Plans generally include investment in bonds, capital markets, interbank assets, deposits, fixed income instruments (such as trusts, bonds fund, money market fund and etc.), asset management plans that invest in the above mentioned areas and other financial instruments that comply with the relevant rules and regulations. The aggregate fair value of the Wealth Management Plans subscribed from Hangzhou branch of Wenzhou Bank* (温州銀行杭州分行營業部) as at 30 June 2016 exceeded 5% of the total asset value of the Group as at 30 June 2016. Breakdown is as follows:

Name of the Wealth Management Plan	Fair value as at 30 June 2016
“Jinlu Wealth Management – Prime” Wealth Management Product No. 15068* (“金鹿理財 – 樂尊享”15068期理財產品)	RMB103,735,848.72
“Jinlu Wealth Management – Prime” Wealth Management Product No. 15076* (“金鹿理財 – 樂尊享”15076期理財產品)	RMB155,248,700.87
“Jinlu Wealth Management – Fortune” Bank Wealth Management Plan No. 16002* (“金鹿理財 – 樂得富”16002期銀行理財計劃)	RMB102,342,465.76
“Jinlu Wealth Management – Fortune” Bank Wealth Management Plan No. 16005* (“金鹿理財 – 樂得富”16005期銀行理財計劃)	RMB102,281,420.77
“Jinlu Wealth Management – Fortune” Bank Wealth Management Plan No. 16008* (“金鹿理財 – 樂得富”16008期銀行理財計劃)	RMB102,239,010.98
“Jinlu Wealth Management – Prime” Wealth Management Product No. 16002* (“金鹿理財 – 樂尊享”16002期理財產品)	RMB204,024,109.59
“Jinlu Wealth Management – Prime” Wealth Management Product No. 16003* (“金鹿理財 – 樂尊享”16003期理財產品)	RMB203,471,780.83
Total:	RMB973,343,337.52

2. The total investment cost for the Wealth Management Plans as at 30 June 2016 was amounted to RMB2,300,000,000, comprising RMB537,000,000 of which was brought forward from 2015 and additions of RMB1,800,000,000, net of RMB37,000,000 of which was redeemed on the maturity date during the six month period ended 30 June 2016.
3. As at 31 December 2015 and 30 June 2016, the fair value of the Wealth Management Plans amounted to approximately RMB536,094,000 and RMB2,350,057,000, respectively. There were three Wealth Management Plans which was invested by the Group in the prior years and redeemed during the six month period ended 30 June 2016).
4. As the return would only be calculated based on the actual yield of the underlying investment portfolio upon redemption date of the Wealth Management Plans, no dividend would be declared to the Group in respect of the Wealth Management Plans.
5. The Group received total RMB37,524,000 in respect of the redemption of three Wealth Management Plans during the six months ended 30 June 2016, comprising the return of investment cost of RMB37,000,000 and a total gain of RMB524,000 recognised in other income and gains.

The Fair Value Gain in respect of the Wealth Management Plans for the six months ended 30 June 2016 was approximately RMB43,962,000. The breakdown of the Fair Value Gain and the size of each of the Wealth Management Plan relative to the Group's consolidated net assets as at 30 June 2016 is as follows:

Name of the Wealth Management Plan	Breakdown of the Fair Value Gain for the six months ended 30 June 2016	Size of each Wealth Management Plan relevant to the consolidated net assets of the Group as at 30 June 2016 (%)*
120-Day Profit Making RMB Wealth Management Product for Corporate Client* (法人客戶專屬120天增利人民幣理財產品)	Not applicable. Redeemed on maturity date. The Group received the investment cost together with a gain totalling RMB2,204,000 on the redemption date.	Not applicable. Redeemed on maturity date. The Group received the investment cost together with a gain totalling RMB2,204,000 on the redemption date.
120-Day Profit Making RMB Wealth Management Product for Corporate Client* (法人客戶專屬120天增利人民幣理財產品)	Not applicable. Redeemed on maturity date. The Group received the investment cost together with a gain totalling RMB5,306,000 on the redemption date.	Not applicable. Redeemed on maturity date. The Group received the investment cost together with a gain totalling RMB5,306,000 on the redemption date.
2015 Wealth Management Product No. 512 (Product code 315512)* (2015專屬理財第512期(產品代碼315512))	RMB2,414,000	3.6%
2015 Wealth Management Product No. 521 (Product code 315521)* (2015專屬理財第521期(產品代碼315521))	RMB2,414,000	3.6%
Scheduled 365 Days “Fortune 99” Profit Making Wealth Management Product No. 15080* (“幸福99”卓越增盈15080期預約365天型)	RMB1,212,000	1.8%

Name of the Wealth Management Plan	Breakdown of the Fair Value Gain for the six months ended 30 June 2016	Size of each Wealth Management Plan relevant to the consolidated net assets of the Group as at 30 June 2016 (%)*
“Jinlu Wealth Management – Prime” Wealth Management Product No. 15068* (“金鹿理財 – 樂尊享”15068期理財產品)	RMB2,525,000	3.6%
“Jinlu Wealth Management – Prime” Wealth Management Product No. 15076* (“金鹿理財 – 樂尊享”15076期理財產品)	RMB3,754,000	5.3%
Secure and Daily Compound Interest Wealth Management Product No. 2 (Hangzhou Jiefang Road Sub-branch of Agricultural Bank of China)* (安心快線天天利滾利第2期 (農行解放路支行))	Not applicable. Redeemed on maturity date. The Group received the investment cost together with a gain totalling RMB30,014,000 on the redemption date.	Not applicable. Redeemed on maturity date. The Group received the investment cost together with a gain totalling RMB30,014,000 on the redemption date.
“Jinlu Wealth Management – Fortune” Bank Wealth Management Plan No. 16002* (“金鹿理財 – 樂得富”16002期銀行理財計劃)	RMB2,342,000	3.5%
“Jinlu Wealth Management – Fortune” Bank Wealth Management Plan No. 16005* (“金鹿理財 – 樂得富”16005期銀行理財計劃)	RMB2,281,000	3.5%
“Jinlu Wealth Management – Fortune” Bank Wealth Management Plan No. 16008* (“金鹿理財 – 樂得富”16008期銀行理財計劃)	RMB2,239,000	3.5%
Scheduled 365 Days “Fortune 99” Profit Making Wealth Management Product No. 16026* (“幸福99”卓越增盈16026期預約365天型)	RMB2,010,000	3.5%

Name of the Wealth Management Plan	Breakdown of the Fair Value Gain for the six months ended 30 June 2016	Size of each Wealth Management Plan relevant to the consolidated net assets of the Group as at 30 June 2016 (%)*
“Jinlu Wealth Management – Prime” Wealth Management Product No. 16002* (“金鹿理財 – 樂尊享”16002期理財產品)	RMB4,024,000	7.0%
High Interest Wealth Management Product for Corporate Client No. 16HH009 (利多多公司理財16HH009期)	RMB5,431,000	10.5%
“Jinlu Wealth Management – Prime” Wealth Management Product No. 16003* (“金鹿理財 – 樂尊享”16003期理財產品)	RMB3,472,000	7.0%
High Interest Wealth Management Product for Corporate Client No. 16HH016 (利多多公司理財16HH016期)	RMB6,586,000	13.9%
364 Days Wealth Management Product No. 1 (Product code Z16065) (專屬理財1號364天型Z16065)	RMB2,335,000	7.5%
364 Days Wealth Management Product No. 1 (Product code Z16066) (專屬理財1號364天型Z16066)	RMB923,000	2.9%

* The consolidated net asset value of the Group as at 30 June 2016 was amounted to RMB3,166,525,000.

6. The Fair Value Gain in respect of the Wealth Management Plans was attributable to the positive future estimated cash flow on the redemption date as determined by the management of the Company.

The above clarification does not affect any of the information contained in the 2016 Interim Results Announcement.

By Order of the Board
Lianhua Supermarket Holdings Co., Ltd.
Hu Li-ping, Stephen Mok
Joint Company Secretary

Shanghai, the People's Republic of China, 23 September 2016

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

Executive Directors: Qi Yue-hong;

Non-executive Directors: Ye Yong-ming, Zhang Xuan-song, Qian Jian-qiang, Zheng Xiao-yun, Zhang Jing-yi and Wong Tak Hung;

Independent Non-executive Directors: Xia Da-wei, Lee Kwok Ming, Don, Gu Guo-jian and Wang Jin.

* *for identification purposes only*