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

**(Stock Code: 00980)**

## **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders of the Company and potential investors that, as compared to the audited net loss of RMB496,991 thousand for the year ended 31 December 2015, the Group expected to record a net loss ranging from approximately RMB440 million to RMB480 million for the year ended 31 December 2016, which is slightly lower when compared with the corresponding period of the previous year.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Lianhua Supermarket Holdings Co., Ltd (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) 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, Laws of Hong Kong) (the “SFO”).

Reference is made to the profit warning announcement of the Company dated 12 October 2016 in relation to, amongst others, the expected net loss of the Company for the twelve months ended 31 December 2016.

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, as compared to the audited net loss of RMB496,991 thousand for the year ended 31 December 2015, the Group expected to record a net loss ranging from approximately RMB440 million to RMB480 million for the year ended 31 December 2016, which is slightly lower when compared with the corresponding period of the previous year.

The expected net loss is mainly attributable to shrinking market demand and intensified competition of online and offline retailers due to diversified shopping channels, which led to a decrease in the revenue of the Company from sales of merchandise.

This profit warning announcement is only based on the information currently available to the Group and a preliminary assessment on the management accounts of the Group by the management of the Company, which have not been audited or reviewed by the Company’s auditors. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the Group’s results for the year ended 31 December 2016, which is expected to be released in March 2017.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Lianhua Supermarket Holdings Co., Ltd.**  
**Ye Yong-ming**  
*Chairman*

Shanghai, the People's Republic of China, 24 January 2017

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

*Executive director:* 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.