2025 INTERIM REPORT

联华超市股份有限公司
LIANHUA SUPERMARKET HOLDINGS CO., LTD.

Stock Code : 0980

Contents

Corporate Information

Directors

Executive Director

Ms. Wang Xiao-yan *(Vice Chairman)*
Ms. Zhang Hui-qin
Mr. Zhu Ding-ping (Appointed on 7 January 2025)

Non-Executive Directors

Mr. Pu Shao-hua *(Chairman)*
Ms. Shen Chen
Mr. Cao Hai-lun
Ms. Yang Qin
Mr. Wong Tak Hung (Resigned on 7 January 2025)

Independent Non-Executive Directors

Mr. Xia Da-wei
Mr. Lee Kwok Ming, Don
Mr. Chen Wei
Mr. Zhao Xin-sheng

Board Committees

Audit Committee

Mr. Lee Kwok Ming, Don *(Chairman)*
Mr. Xia Da-wei
Mr. Zhao Xin-sheng
Ms. Yang Qin

Remuneration and Appraisal Committee

Mr. Xia Da-wei *(Chairman)*
Ms. Zhang Hui-qin
Mr. Chen Wei
Mr. Zhao Xin-sheng

Strategic Committee

Mr. Pu Shao-hua *(Chairman)*
Ms. Zhang Hui-qin
Ms. Wang Xiao-yan
Ms. Shen Chen
Mr. Cao Hai-lun

Nomination Committee

Mr. Pu Shao-hua *(Chairman)*
Ms. Wang Xiao-yan (Appointed as a member of the Nomination Committee on 19 June 2025)
Mr. Chen Wei
Mr. Xia Da-wei
Mr. Zhao Xin-sheng

Environmental, Social and Governance (ESG) Committee

Ms. Wang Xiao-yan *(Chairman)*
Mr. Cao Hai-lun
Mr. Lee Kwok Ming, Don
Mr. Chen Wei

Supervisors

Mr. Li Feng *(Chairman)*
Ms. Tang Hao
Mr. Luo Yang-hong

Company Secretary

Ms. Xu Xiao-yi

Authorized Representatives

Ms. Wang Xiao-yan
Ms. Xu Xiao-yi

International Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Advisors to the Company

As to Hong Kong laws

Baker & McKenzie

As to People's Republic of China ("PRC") laws

Grandall Law Firm (Shanghai)

Investors and Media Relations Consultant

Christensen China Limited

Principal Bankers

Industrial and Commercial Bank of China
Pudong Development Bank
China Merchants Bank

Registered and Business Offices

Registered Office in the PRC

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Hong Kong Share Registrar and Transfer Office

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Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Share Information

Listing Place

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange" or "SEHK")

Listing Date

27 June 2003

SEHK Stock Code

980

Number of H Shares Issued

372,600,000 H shares

Financial Year-end Date

31 December

Management Discussion and Analysis

Operating Environment

In the first half of 2025, global economic uncertainties intensified, with the "reciprocal tariff" policy implemented by the U.S. government exerting further pressure on the international trade landscape. In the face of a complex and volatile international environment, China's economy demonstrated robust resilience and sustainability in its growth process. Driven by the continued release of the combined effects of macroeconomic policies, the national economy remained stable, while the overall domestic consumer market showed steady prices and a moderate pace of recovery. According to the National Bureau of Statistics of the PRC, in the first half of 2025, the national consumer price index (CPI) marginally decreased by 0.1% year on year, with prices remaining basically stable. The total retail sales of consumer goods reached RMB24.5 trillion, representing a year-on-year increase of 5.0%, of which sales of essential goods such as grains, oils and foodstuffs recorded a year-on-year increase of 9.1%. With the intensive implementation of domestic demand expansion policies by the Chinese government, the importance of domestic consumption's internal circulation became more prominent, effectively boosting both consumer confidence and spending power. Meanwhile, the recovery of the consumer market showed signs of regional divergence. In Beijing, total retail sales of consumer goods declined by 3.8% year on year in the first half of the year due to insufficient demand and intensified competition, while the Yangtze River Delta region showed a marked recovery trend, with Shanghai's total retail sales of consumer goods increasing by 1.7% year on year, thereby propelling the regional consumption rebound.

At present, China's consumption structure is undergoing a profound transformation, characterised by a clear emphasis on both rational consumption and experiential value. Against the backdrop of moderating income growth expectations, rational consumption concepts have become deeply embedded, with consumers placing greater focus on the practical value and functionality of products, making quality-price ratio a core factor in shopping. Meanwhile, emotional value and consumption experience are playing an increasingly important role in enhancing customer recognition and repurchase rates, with high-experience activities such as IP marketing gaining popularity among consumers. It is noteworthy that the influence of media continues to deepen. Short video platforms, represented by TikTok and WeChat Channels, leveraging the dual advantages of content recommendation and social interaction, have become important battlegrounds for product promotion, with their impact on shaping consumer preferences constantly intensifying.

In the face of the continued evolution of consumer demand and the increasingly intensified industry competition, traditional retailers, including the Group, are generally confronted with the pressing challenge of transforming and upgrading their operating models. To address this, it is essential to accurately capture shifts in consumer demand and to build a product portfolio that genuinely appeals to consumers so as to stabilise customer traffic. At the same time, it is necessary to deepen structural adjustments, pursue upgrades, reduce costs and improve efficiency, with a view to enhancing core competitiveness. Against this backdrop, the Group has focused its efforts on key areas including fresh food operations, capacity-enhancing transformation, merchandise management, marketing innovation, cost control, digital development, organisational optimisation, as well as safety and quality management, with the aim of realising its corporate vision of "increasing our customers' loyalty to us" (讓消費者更喜愛我們).

Financial Review

Revenue

During the period under review, the Group's revenue was approximately RMB9,591 million, representing a year-on-year decrease of approximately RMB1,305 million, or approximately 12.0%, which was mainly due to the continuous impact of evolving consumer demand and intensifying industry competition. In addition, adjustments to the Group's overall strategic planning, including the disposal of equity interests in certain subsidiaries and the downsizing of unprofitable sales operations, led to a reduction in overall sales scale.

Gross Profit

During the period under review, the Group's gross profit was approximately RMB1,140 million, representing a year-on-year decrease of approximately RMB112 million, or by approximately 8.9%. During the period under review, the overall gross profit margin of the Group was approximately 11.89%, representing an increase of approximately 0.40 percentage point as compared with the gross profit margin of 11.49% for the corresponding period of last year, which was mainly due to the Group's optimisation of merchandise management. On one hand, the Group promoted the standardisation model for fresh produce to reduce waste and improve fresh produce gross margin; on the other hand, it focused on developing differentiated products, strengthening key categories and increasing the proportion of proprietary brands, thereby enhancing merchandise profitability.

Other Revenue

During the period under review, the Group's other revenue was approximately RMB640 million, representing a year-on-year decrease of approximately RMB263 million, or approximately 29.1%. Due to the downsizing of sales operations, related income from suppliers decreased by approximately RMB216 million compared with the same period of last year. As the hypermarket segment implemented strategic adjustments towards a "small-scale and community-based" model, including optimising product mix, reducing operating area and scientifically planning functional zones, the Group's rental income from leasing of shop premises decreased by approximately RMB49 million year on year.

Other Income and Other Gains and Losses

During the period under review, the Group's other income and other gains amounted to approximately RMB411 million, representing a year-on-year increase of approximately RMB128 million, or approximately 45.3%, which was mainly attributable to the Group's overall strategic planning adjustments and the gains on the disposal of equity interests in certain subsidiaries.

Distribution and Selling Expenses

During the period under review, the Group's distribution and selling expenses amounted to RMB1,697 million, representing a year-on-year decrease of approximately RMB277 million, or approximately 14.0%, which was mainly attributable to the Group's adjustment of unprofitable outlets, continued strengthening of control over operation expenses, and optimisation of resource allocation.

Administrative Expenses

During the period under review, the Group's administrative expenses amounted to approximately RMB311 million, representing a year-on-year decrease of approximately RMB13 million, or approximately 3.9%.

Other Expenses

During the period under review, the Group's other expenses amounted to approximately RMB13 million, representing a year-on-year decrease of approximately RMB3 million.

Share of Results of Associates

During the period under review, the Group's share of results of associates amounted to approximately RMB3 million, remaining stable year on year.

Profit before Tax

During the period under review, the Group's profit before tax amounted to approximately RMB84 million, indicating a year-on-year expansion of profit of approximately RMB67 million.

Income Tax Expense

During the period under review, the Group's income tax expense was approximately RMB24 million, representing a year-on-year decrease of approximately RMB21 million.

Profit Attributable to Owners of the Company

During the period under review, the Group's profit attributable to owners of the Company amounted to approximately RMB42 million, representing a year-on-year increase in profit of approximately RMB97 million. During the period under review, the net profit rate was approximately 0.44%, representing a year-on-year increase of 0.94 percentage point. Based on the weighted average number of issued share capital of 1,370.2 million shares of the Group during the six months ended 30 June 2025, the basic earnings per share was approximately RMB0.03.

Liquidity and Financial Resources

As at 30 June 2025, the Group's cash and balance at the bank amounted to approximately RMB6,148 million.

For the six months ended 30 June 2025, the trade payable turnover period of the Group was approximately 57 days, and the inventory turnover period was approximately 40 days.

During the period under review, the Group did not use any financial instrument for hedging purposes. As at 30 June 2025, there were no arbitrage financial instruments in issue by the Group.

Gearing Ratio

As at 30 June 2025, the gearing ratio of the Group (the gearing ratio is calculated by dividing total interest-bearing liabilities which exclude lease liabilities by total equity) was 0.0% (31 December 2024: 0.0%).

Growth Status of Retail Business

Hypermarkets

During the period under review, the revenue of the hypermarket segment amounted to approximately RMB3,844 million, representing a year-on-year decrease of approximately RMB881 million, or approximately 18.6%, and accounting for approximately 40.1% of the Group's revenue.

During the period under review, the decrease in revenue was mainly attributable to the Group's overall strategic planning adjustments, disposal of equity interests in certain subsidiaries and downsizing of unprofitable sales operations, which led to a year-on-year decrease in revenue.

During the period under review, the hypermarket segment recorded a gross profit of approximately RMB537 million, representing a year-on-year decrease of approximately RMB61 million. Gross profit margin increased by 1.32 percentage points year on year to 13.98%. The Group increased its efforts in category adjustment and increased the proportion of its own brands, leading to an increase in gross profit margin. The hypermarket segment implemented strategic adjustments towards a "small-scale and community-based" model, which involved optimising product mix, reducing operating area and scientifically planning functional zones. As a result, the rental income from leasing of shop premises decreased by approximately RMB43 million year on year. During the period under review, the hypermarket segment recorded a consolidated income of approximately RMB943 million, representing a year-on-year decrease of approximately RMB334 million, and the consolidated income margin decreased by approximately 2.51 percentage points year on year to approximately 24.52%.

During the period under review, the aggregate of distribution and selling expenses and administrative expenses of the hypermarket segment amounted to approximately RMB874 million, representing a year-on-year decrease of approximately RMB235 million. The Group has been continuously focusing on cost reduction and efficiency improvement and adjusting the scale of loss-making outlets, which has contributed to the continuous reduction of expenses. The hypermarket segment recorded an operating profit of approximately RMB2 million, representing a year-on-year decrease in profit of approximately RMB92 million. Operating profit margin decreased by approximately 1.94 percentage points year on year to approximately 0.05%.

	As at 30 June	
	2025	2024
Gross Profit Margin (%)	**13.98**	12.66
Consolidated Income Margin (%)	**24.52**	27.03
Operating Profit Margin (%)	**0.05**	1.99

Supermarkets

During the period under review, the supermarket segment recorded a revenue of approximately RMB5,017 million, representing a decrease of approximately RMB355 million or approximately 6.6% year on year, and accounting for approximately 52.3% of the Group's revenue. During the period under review, the supermarket segment focused on accurately targeting community needs as its core. Through the creation of differentiated scenarios and innovations in refined operation models, it comprehensively promoted efficiency improvement. On the other hand, the disposal of equity interests in certain subsidiaries and the downsizing of unprofitable sales operations led to a year-on-year decrease in revenue.

During the period under review, the supermarket segment recorded a gross profit of approximately RMB517 million, representing a year-on-year decrease of approximately RMB42 million or approximately 7.6%. The supermarket segment upgraded its stores as "community life service centers" with a focus on strengthening the supply of low-margin fresh produce and people's livelihood commodities, leading to a decrease in gross profit margin by approximately 0.11 percentage point year on year to approximately 10.31%. During the period under review, the supermarket segment recorded a consolidated income of approximately RMB932 million, representing a decrease of approximately RMB95 million year on year. The consolidated income margin decreased by approximately 0.54 percentage point year on year to approximately 18.57%.

During the period under review, the supermarket segment recorded an operating profit of approximately RMB10 million, representing a decrease of approximately RMB20 million year on year. The operating profit margin decreased by approximately 0.35 percentage point to approximately 0.20%.

	As at 30 June	
	2025	2024
Gross Profit Margin (%)	**10.31**	10.42
Consolidated Income Margin (%)	**18.57**	19.11
Operating Profit Margin (%)	**0.20**	0.55

Convenience stores

During the period under review, the convenience store segment recorded a revenue of approximately RMB689 million, representing a decrease of approximately RMB76 million or approximately 9.9% year on year, and accounting for approximately 7.2% of the Group's revenue. The year-on-year decrease in revenue was due to the proactive closure of certain long-term loss-making stores based on the Group's overall strategic planning.

During the period under review, the convenience store segment recorded a gross profit of approximately RMB76 million, representing a decrease of approximately RMB6 million or approximately 7.0% year on year. The gross profit margin increased by approximately 0.34 percentage point to approximately 11.00%. The convenience store segment recorded a consolidated income of approximately RMB94 million, representing a year-on-year decrease of approximately RMB11 million, and the consolidated income margin decreased by approximately 0.11 percentage point year on year to approximately 13.60%.

During the period under review, the operating loss of the convenience store segment was approximately RMB10 million, representing a year-on-year decrease in loss of approximately RMB8 million from the same period of last year, and the operating profit margin increased by approximately 1.02 percentage points to approximately -1.39%.

	As at 30 June	
	2025	2024
Gross Profit Margin (%)	**11.00**	10.66
Consolidated Income Margin (%)	**13.60**	13.71
Operating Profit Margin (%)	**–1.39**	–2.41

Capital Structure

As at 30 June 2025, the Group's cash and cash equivalents were mainly held in Renminbi. The Group had no other bank borrowings.

During the period under review, the equity attributable to owners of the Company increased from approximately RMB-287 million to approximately RMB112 million, which was primarily due to the increase in share capital of RMB360 million during the period and profit attributable to owners of the Company of approximately RMB42 million.

Details of the Group's Pledged Assets

As at 30 June 2025, the Group did not pledge any assets.

Foreign Exchange Risks

Most of the incomes and expenditures of the Group are denominated in Renminbi. During the period under review, the Group did not experience any material difficulties or negative effects on its operations or liquidity as a result of fluctuations in exchange rates. The Group neither entered into any agreements nor purchased any financial instruments to hedge its foreign exchange risk. The directors of the Company (the "Directors") believe that the Group is able to meet its foreign exchange demands.

Share Capital

As at 30 June 2025, the issued share capital of the Company was as follows:

Class of Shares Issued	Number of Shares	Percentage
Domestic Shares	1,075,397,400	72.68
Unlisted Foreign Shares	31,602,600	2.14
H Shares	372,600,000	25.18
Total	1,479,600,000	100.00

Reference is made to the announcement of the Company dated 25 February 2025 in relation to, among other things, the completion of the connected transaction in relation to the proposed subscription of new domestic shares (the "Announcement"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement. The Company has received the share registration certificate dated 24 February 2025 issued by China Securities Depository and Clearing Corporation Limited in respect of the new domestic shares issued under the Domestic Share Subscription, and 360,000,000 domestic Shares were duly allotted and issued by the Company to the Bailian Group at the subscription price of RMB1.00 (equivalent to approximately HK$1.10051) per Share pursuant to the specific mandate sought from the Independent Shareholders at the EGM (the "Subscription Shares"). The Subscription Shares represent approximately 32.15% of the issued share capital of the Company immediately before completion of the Domestic Share Subscription and approximately 24.33% of the issued share capital of the Company immediately after completion of the Domestic Share Subscription. Completion of the Domestic Share Subscription took place on 25 February 2025 in accordance with the terms and conditions of the Share Subscription Agreement. Please refer to the announcements of the Company dated 12 May 2024 and 25 February 2025 and the circular of the Company dated 31 July 2024 for details.

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Promoting Transformation and Capacity Enhancement

During the period under review, the Group focused on the core area of the Yangtze River Delta and propelled the transformation and capacity enhancement of its main business segments through multi-dimensional adjustment measures to achieve business optimization and upgrading: the hypermarket segment gradually transformed into a "small-scale and community-based" business model; the supermarket segment adopted a more refined mode of operation; and the convenience store segment continued to maintain a stable scale of operation, with its franchise business developing in the direction of intensification. During the period under review, the Group, on the one hand, made steady progress in opening new stores. Specifically, we opened a total of 95 new stores, including 26 directly-operated stores and 69 franchised stores. A total of 66 of the new stores were located in the Yangtze River Delta region, accounting for 69.5% of the new stores. On the other hand, the Group adapted to changes in the market environment, and improved the quality of the physical outlets as a whole through systematic store streamlining. As a result, 121 stores were closed, of which 21 were directly-operated stores and 100 were franchised stores.

During the period under review, the Group's hypermarket segment launched a systematic reform regarding store development and transformation strategies. With "full-scenario coverage, experience upgrading and efficiency-driven" as its strategic core, it built up differentiated competitive advantages through business model integration and innovation, spatial function reconstruction and digital technology empowerment, accelerating the transformation and upgrading of traditional hypermarkets into "hubs for quality living". Particularly, the Central Store in Shanghai pioneered "small-scale and community-based" strategic transformation and established a benchmark. The Luban Store continued to advance deeper adjustments toward the same strategic goal. By reducing operating space, optimizing product mix and scientifically planning functional zoning, it strengthened its product offerings preferred by younger customers while meeting basic household consumption needs. It introduced community-convenience services and special modules for the silver economy, forming a community-based and quality shopping space that covered all age groups and was suitable for diverse consumption scenarios.

During the period under review, the Group's supermarket segment focused on precisely targeting community needs, and advanced comprehensive efficiency improvements through the creation of differentiated scenarios and refined operational model innovation. In the layout of large community stores, we focused on strengthening the supply of fresh food and daily necessities, while also adding convenient services such as breakfast shops and Kantodaki style fast-food, upgrading stores into "community life service centers" to meet residents' "one-stop" life needs; small community stores focused on high-frequency, essential goods, optimizing product mix through streamlining SKUs, effectively improving sales per square meter, and achieving operational breakthroughs in "small but refined" operations; and high-traffic outlets, located in transportation hubs or core business districts, focused on high-end leisure products, introducing internet-celebrity products and trendy categories, and accurately reaching young consumer groups and customer flows.

During the period under review, the Group continued to explore innovative development paths. On the one hand, we actively incubated the discount business segment in Zhejiang region and expanded into new business tracks. Currently, 13 outlets have been opened, covering multiple urban areas in Zhejiang Province, and the single-store model is constantly iterating and optimizing. On the other hand, we have been increasing the layout of outlets to fill the gaps in the market. As at 30 June 2025, the Group had a total of 3,091 stores, approximately 83.5% of which are located in East China.

	Hypermarkets	Supermarkets	Convenience Stores	Total
Directly-operated	98	840	288	1,226
Franchised	–	1,425	440	1,865
Total	98	2,265	728	3,091

Notes: 1. The above data is as at 30 June 2025.

2. Lianhua Supermarket (Jiangsu) Co., Ltd.* (聯華超市(江蘇)有限公司), Anhui Century Lianhua Development Co., Ltd.* (安徽世紀聯華發展有限公司) and Shanghai Century Lianhua Supermarket Hongkou Co., Ltd.* (上海世紀聯華超市虹口有限公司) are not subsidiaries of the Company since January 2025, and the total number of their stores (32) as of 30 June 2025 is not included in the above statistical scope.

Focusing on Acquiring Customers for Fresh Produce

During the period under review, the Group focused on acquiring customers for fresh produce. It implemented precise strategies in multiple dimensions to continuously strengthen direct sourcing from the source in supply chain management and establish a multi-origin backup mechanism to reduce supply risks and ensure a stable supply of fresh produce. At the same time, we further promoted regional resource integration to continuously improve the coverage and operational efficiency of the fresh produce supply chain, laying a solid foundation for attracting customers. At the product management level, we emphasized optimizing strategies. On the one hand, we promoted a special model of standardized fresh produce to meet consumers' demand for standardized products. On the other hand, we kept our eyes on weighted categories to create special products and attract consumers' attention through differentiated operations. Our marketing and promotion activities focused on enriching forms and expanding coverage. In physical stores, we focused on attracting customers through daily necessities, tailoring marketing strategies based on the characteristics of the business district where the stores were located and creating a strong shopping atmosphere through enhanced visual and volume displays. On the e-commerce platform, we actively expanded channels, focusing on creating popular weekend products, and leveraging integrated online and offline marketing to precisely reach fresh produce consumers. In addition, the Group has strengthened its on-site operations by integrating procurement and processing centers and building fresh produce distribution warehouses and store systems. While ensuring the quality and supply stability of fresh produce, the Group provided consumers with convenient purchasing channels and high-quality shopping experiences, thereby comprehensively improving the fresh produce customer acquisition rate.

Establishing Product Advantages

During the period under review, facing fierce competition in the retail market, the Group actively expanded into areas of product strength and adopted a multi-pronged approach to drive business development. In terms of cooperation, we deepened the JBP cooperation model, expanded the scale and level of cooperation with suppliers, and built a multi-level and multi-dimensional cooperation system with high-quality suppliers. We also deepened our strategic cooperation with leading brand suppliers to further optimize product structure and supply chain management, fully unleash the brands' sales potential, and achieve a dual increase in sales growth and market influence. In terms of product strategy, regional companies customized large single products according to local conditions, promoting the construction of core SKUs to enhance price competitiveness, and they strove to increase the proportion of private brands, expand sales channels, develop localized products, optimize brand structure, accurately optimize pricing, and increase operating income through flexible policies. On the supply chain side, we continued to increase the proportion of direct procurement and direct supply, promoting the standardization of products, ensuring product quality and supply stability, and we optimized the supplier management system, introduced high-quality resources, and improved overall operational efficiency, continuously consolidating and strengthening the Group's core product advantages.

Innovative Marketing Empowerment

During the period under review, the Group regarded innovative marketing empowerment as the key to breakthrough and took a multi-pronged approach to open up new retail landscape. For the supermarket segment, we carefully planned marketing activities on popular themes, focusing on creating three S-level period activities such as "CNY", "Spring Outing Season" and "34th Anniversary Celebration". By deepening the resource linkage with business segments, stores and key suppliers, we not only achieved a significant increase in brand awareness, but also achieved the dual growth goals of customer flow and sales. For the hypermarket segment, the "National Products V Trend（國貨V當潮）" campaign was used as an important tool to provide comprehensive marketing support, successfully igniting consumers' enthusiasm for domestic products and building a solid bridge for high-quality domestic products to return to the market. During the period under review, the Group fully leveraged new media to enhance brand recognition and capitalized on the location advantages of its high-traffic outlets to create unique video account IP, skillfully integrating cultural, commercial and interactive elements to tell store stories from a novel and unique perspective, and continuously produce content with brand warmth. Such initiative quickly narrowed the distance with consumers and effectively stimulated the huge potential of the fan economy. While injecting new vitality into brand development, it also opened up new growth space for the retail business.

Digital Development and Empowerment

During the period under review, the Group had been promoting the digital transformation of its stores in all aspects. By achieving precise task assignment, standardized operations, mobile operations and visual tracking, and relying on a one-stop data dashboard and operation platform, it has significantly improved store operating efficiency, reduced costs and increased labor efficiency. Meanwhile, compiling a directory of digital stores and big data platforms and building a comprehensive data governance system provided solid guarantees for efficient data management and security. During the period, the Group had been focusing on promoting the coordinated implementation of four major digital initiatives. These included focusing on improving refined store management and strengthening operational granularity to achieve task-based work; focusing on EAM system upgrades to bridge gaps in business and financial processes and achieve business and financial integration; leveraging AI technology and digital hardware to achieve precise reach, enhance brand competitiveness, and achieve precision marketing; and restructuring data dashboards and optimizing operating platforms to provide strong data support for decision-making and realize the digitalization of operations. During the period under review, the Group achieved phased results in its digital transformation, injecting strong impetus into its future sustainable development.

Optimizing Organization and Mechanism – Employment, Training and Development

As at 30 June 2025, the Group had a total of 20,900 employees. The total labor costs amounted to approximately RMB867,040 thousand.

During the period under review, the Group had been accelerating its organizational reforms to support business transformation through optimized organizational configuration and ensure the effective implementation of its strategies. Specific measures included completing the establishment of the Shanghai City Center and the Supermarket Operation Centre for the hypermarket segment, clarifying the functional settings, organizational structure, job staffing and personnel allocation, and consolidating the business operation foundation of stores in Shanghai. We have also deepened the organizational transformation of the headquarters. By systematically sorting out functions, we have clearly planned the positioning and division of the headquarters and member companies in terms of organizational structure, department setup, and distribution of core functions, promoted the continuous optimization of the overall organizational structure of the headquarters, strengthened special support capabilities, and provided all-round guarantees for the organizational strategic transformation. Through the above measures, the Group further streamlined its organizational structure and functional division, laying a solid organizational foundation for the next stage of business transformation and strategy implementation.

During the period under review, the Group further strengthened and deepened its management reforms, carrying out all-round and systematic optimization from headquarters to stores. At the headquarters level, efforts had been made to improve management efficiency ratios, while at the store level, staffing management had been strengthened, with personnel optimization paths being refined in steps. At the same time, a focus was placed on filling vacancies in key positions to fully enhance overall operational efficiency. During the period under review, the Group prioritized institutional reforms, promoted the optimization of its assessment system, reorganized its business team assessment methods, and improved its marketing and procurement indicator system. Focusing on core objectives, the Group piloted a unified marketing and procurement performance model in Shanghai region for its supermarket segment. Moreover, we further optimized the general partner model at the store level, formulated a new plan for full employee participation, and actively promoted the replication and promotion of the super partner model.

During the period under review, the Group had increased its investment in talent acquisition and talent development. We laid a solid foundation for team building and focused on the selection and training of reserve talents. We adopted a flexible training format that combined online and offline training to continuously meet the training needs of business development.

Strengthening Management to Reduce Costs

During the period under review, the Group focused on rent reduction, operating cost control and labor cost optimization, and achieved cost reduction and efficiency improvement through a number of measures. It continued to strengthen cost awareness and refined management, and achieved significant cost control results. The specific measures were as follows:

In terms of rent reduction, by improving the rent calculation model, using models such as "unit price benchmarking, revenue per available square meter comparison, and usable area ratio" as the basis for negotiation, a rent renegotiation list for redline stores was formulated to promote rent renegotiation for high-cost stores. By reducing rents for stores whose leases were due for renewal and for low-performing stores, we had made every effort to implement rent reductions, with outstanding results achieved. In terms of operational cost reduction and energy consumption control, we improved staff efficiency by optimizing staff allocation and implementing multi-post integration and intelligent scheduling. During operations, we focused on two key areas: loss and energy consumption. We established a daily loss monitoring mechanism for stores and implemented precise loss control for high-loss categories such as fresh food, cold chain and fresh produce. At the same time, combined with the "cold-chain delivery into the cabinet" action, the optimal scheduling of energy consumption was achieved. In terms of marketing and promotional resource allocation management, it was clearly stated that all marketing and promotional activities and membership allocation were aimed at "increasing visitor volume and lifting repurchase rate", with ROI as the assessment benchmark; and combined with post-investment review and forecast calculation, an investment-output ratio management mechanism was established to ensure that resources were concentrated on high-efficiency scenarios.

Strategy and Planning

In the second half of 2025, China's economy is expected to maintain its overall resilience, relying on its solid development foundation and continuously expanding domestic demand market. Domestic macroeconomic regulation and control will further strengthen the policy mix to promote consumption, consolidate the consumption recovery trend through multi-dimensional measures, and boost market confidence. By then, a series of policies to boost consumption will form a synergistic effect with various livelihood security policies such as childcare support, employment promotion, and pension security that will be implemented later, so that consumption potential can be further effectively released, so as to effectively enhance residents' consumption capacity and willingness and inject vitality into the consumer market.

In the second half of 2025, it is expected that consumer demand will accelerate its iteration, new business formats and models will continue to emerge, and consumers' requirements for shopping experience, product quality and services will continue to increase. In this regard, the Group will closely adhere to the core requirements of the reform and transformation strategy, focus on improving core capabilities, and further deepen reform and restructuring, and it will uphold the concept of self-driven and agile development, and fully stimulate the creativity and potential of employees. At the same time, we will continue to deepen the optimization and upgrading of supermarket and hypermarket segments, accelerate the construction of innovative products and supply chain systems, and accurately capture consumption trends to meet the increasingly diversified needs of consumers.

In the second half of 2025, the Group will continue to focus on the core goal of stabilizing growth, and guided by customer focus, strengthen the Lianhua brand value. The Group will systematically develop eight core tasks, namely "supermarket development and refined operations, hypermarket transformation and upgrading, product and supply chain development, Quik's expansion of innovative franchise business, cross-industry collaboration and efficiency improvement, digital development and empowerment, cost-saving projects, organizational efficiency improvement and personnel optimization". We will anchor the main line of high-quality brand development, deeply consolidate the brand foundation and forge core competitiveness with the direct sales system as the core, and use the franchise network as a means to accelerate the expansion of brand boundaries, expand market influence, and consolidate brand strength, injecting strong momentum into building a more resilient and dynamic brand development pattern.

In the second half of 2025, the Group will focus on supply chain upgrades, operational efficiency enhancements, marketing empowerment innovations, and online and offline collaborative development, aiming to drive sales growth from multiple dimensions. At the same time, we will focus on strategic transformation to build consensus among all employees, use organizational culture as a strong bond, and gather a powerful force to overcome difficulties, providing solid support for the development of the Group.

Disclosure of Interests

Directors, Supervisors and Chief Executive of the Company

As at 30 June 2025, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are regarded or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Substantial Shareholders of the Company

So far as the Directors are aware, as at 30 June 2025, the following persons (not being a Director, chief executive or supervisor of the Company) had interests in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Class of shares	No. of domestic shares/unlisted foreign shares/ H shares	Approximate percentage of total voting rights of the Company	Approximate percentage of voting rights of domestic shares and unlisted foreign shares	Approximate percentage of voting rights of H shares	Capacity of Interest
Bailian Group Co., Ltd. (Note 1, Note4)	domestic shares	649,661,400	43.91%	58.69%	–	Beneficial owner
	domestic shares	224,208,000	15.15%	20.25%	–	Interest of corporation controlled
Shanghai Bailian Group Co., Limited (Note 1, Note4)	domestic shares	224,208,000	15.15%	20.25%	–	Beneficial owner
	domestic shares	614,160,000	41.51%	55.48%	–	Other
Alibaba Group Holding Limited (Note 2)	domestic shares	201,528,000	13.62%	18.20%	–	Interest of corporation controlled
Taobao Holding Limited (Note 2)	domestic shares	201,528,000	13.62%	18.20%	–	Interest of corporation controlled
Taobao China Holding Limited (Note 2)	domestic shares	201,528,000	13.62%	18.20%	–	Interest of corporation controlled
Taobao (China) Software Co., Ltd. (Note 2)	domestic shares	201,528,000	13.62%	18.20%	–	Interest of corporation controlled
Alibaba (China) Technology Co., Ltd. (Note 2)	domestic shares	201,528,000	13.62%	18.20%	–	Beneficial owner
Xu Zi-zuo	H shares	53,357,000(L)	3.61%	–	14.32%(L)	Beneficial owner
China Galaxy International Asset Management (Hong Kong) Co., Limited (Note 3)	H shares	51,988,000(L)	3.51%	–	13.95%(L)	Investment manager
China Galaxy International SPC (acting for and on behalf of China Galaxy Value Fund I SP) (Note 3)	H shares	51,988,000(L)	3.51%	–	13.95%(L)	Interest of corporation controlled
Corornation Global Fund Managers (Ireland) Ltd.	H shares	37,130,454(L)	2.51%	–	9.97%(L)	Investment manager
Julius Baer International Equity Fund	H shares	12,191,558(L)	0.82%	–	3.27%(L)	Beneficial owner

(L) = Long position

(S) = Short position

(P) = Lending pool

Notes:

1. As at 30 June 2025, Bailian Group Co., Ltd.("Bailian Group") directly and indirectly holds approximately 50.51% of the shares in Shanghai Bailian Group Co., Limited ("Shanghai Bailian"). As at 30 June 2025, Shanghai Bailian held 224,208,000 shares of the Company. Thus, Bailian Group directly and indirectly holds an aggregate interest in 873,869,400 shares of the Company, or approximately 59.06% in proportion. On 17 April 2015, Bailian Group and Shanghai Bailian entered into the equity entrustment agreement (《百聯集團有限公司與上海百聯集團股份有限公司之託管協議》) ("Equity Entrustment Agreement"), pursuant to which, Shanghai Bailian will manage the 254,160,000 shares held by Bailian Group, as well as the statutory interest (excluding cash) of the aforementioned shares during the term of the Equity Entrustment Agreement due to ex rights events such as bonus share distribution and capital reserve conversion to share capital, and the shares allocated to Bailian Group during the entrustment period, and exercise shareholder rights other than asset income rights and disposal rights of the entrusted shares.

   As at 30 June 2025, (i) Mr. Pu Shao-hua, the Chairman and a non-executive Director, was a director, the president and deputy secretary of the Party Committee of Bailian Group; (ii) Ms. Wang Xiao-yan, the Vice Chairman, an executive Director and the general manager of the Company, was a director of Bailian Omni-channel E-commerce Co., Ltd.* (百聯全渠道電子商務有限公司); (iii) Ms. Zhang Hui-qin, an executive Director, was the chairman of Hangzhou Lianhua Huashang Group Co.,Ltd.* (杭州聯華華商集團有限公司); (iv) Mr. Cao Hai-lun, a non-executive Director, was a director, the deputy secretary of the Party Committee and the general manager of Shanghai Bailian; (v) Ms. Yang Qin, a non-executive Director, was a director, the chief financial officer and secretary of the board of directors of Shanghai Bailian; (vi) Mr. Li Feng, a supervisor and the chairman of the supervisory committee of the Company, was the senior director of the audit and risk control center of Bailian Group, a supervisor of Shanghai Bailian and the chairman of the supervisory committee of Shanghai First Pharmaceutical Co., Ltd. (上海第一醫藥股份有限公司); and (vii) Mr. Luo Yang-hong, a supervisor of the Company, was the deputy general manager of finance of Shanghai Bailian.

2. Alibaba Group Holding Limited holds 100% of the shares in Taobao Holding Limited, Taobao Holding Limited holds 100% of the shares in Taobao China Holding Limited, Taobao China Holding Limited holds 100% of the shares in Taobao (China) Software Co., Ltd., Taobao (China) Software Co., Ltd. holds 57.59% of the shares in Alibaba (China) Technology Co., Ltd., Alibaba (China) Technology Co., Ltd. holds 201,528,000 shares of the Company, representing 13.62% of issued share capital of the Company. Thus, Alibaba Group Holding Limited, Taobao Holding Limited, Taobao China Holding Limited and Taobao (China) Software Co., Ltd. are all deemed to be interested in the shares held by or deemed to be interested by Alibaba (China) Technology Co., Ltd.

3. China Galaxy International Asset Management (Hong Kong) Co., Limited holds 100% of the shares in China Galaxy International SPC (acting for and on behalf of China Galaxy Value Fund I SP). China Galaxy International SPC (acting for and on behalf of China Galaxy Value Fund I SP) holds 51,988,000 H shares of the Company. Thus, China Galaxy International Asset Management (Hong Kong) Co., Limited directly and indirectly holds 51,988,000 H shares of the Company, or approximately 3.51% in proportion.

4. According to the share subscription agreement entered into between the Company and Bailian Group on 12 May 2024, the Company has conditionally agreed to issue not more than 360,000,000 new Domestic Shares, and Bailian Group has conditionally agreed to subscribe in cash for 360,000,000 new Domestic Shares at a subscription price of RMB1.00 per new Domestic Share. These shares will be managed by Shanghai Bailian in accordance with the Equity Entrustment Agreement. For details, please refer to the announcement of the Company dated 12 May 2024 and the circular of the Company dated 31 July 2024. This issuance was completed on 25 February 2025. After completion, Bailian Group holds 649,661,400 shares of the Company, accounting for about 43.91% of the total issued share capital of the Company. For details, please refer to the announcement of the Company dated 25 February 2025.

Save as disclosed above, the Directors are not aware of any persons holding any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register pursuant to section 336 of the SFO as at 30 June 2025.

Legal Status of Unlisted Foreign Shares

Set out below is the summary of legal opinions given by Grandall Law Firm (Shanghai) on the rights attached to unlisted foreign shares (the "Unlisted Foreign Shares"). The rights attached to the Unlisted Foreign Shares, which are subject to certain restrictions on transfer as referred to in the Prospectus and may become H shares of the Company (the "H Shares") upon obtaining the requisite approvals from, among others, the China Securities Regulatory Commission (the "CSRC") and the Stock Exchange, are not expressly provided under the existing PRC laws or regulations. The Company's creation of Unlisted Foreign Shares and the subsistence of the Unlisted Foreign Shares do not contravene any PRC laws or regulations.

At present, there are no express laws and regulations in the PRC governing the rights attached to the Unlisted Foreign Shares. Grandall Law Firm (Shanghai) advised that until new laws or regulations are introduced in this aspect, holders of the Unlisted Foreign Shares shall be treated the same as holders of domestic shares (the "Domestic Shares") of the Company (in particular, in respect of the rights to attend and vote at general meetings and to receive notice of such meetings in the same manner as holders of Domestic Shares), except that the holders of the Unlisted Foreign Shares enjoy the following rights to which the holders of Domestic Shares are not entitled:

(a) to receive dividends declared by the Company in foreign currencies; and

(b) in the event of winding up of the Company, to remit their respective shares of the remaining assets (if any) of the Company out of the PRC in accordance with the applicable foreign exchange control laws and regulations of the PRC.

According to the requirements under the Articles of Association of the Company (the "Articles of Association"), in general, disputes among the Shareholders are required to be settled through arbitration. Such dispute resolution requirements are also applicable to disputes between holders of H Shares and holders of Unlisted Foreign Shares and disputes between holders of Unlisted Foreign Shares and holders of Domestic Shares.

As advised by Grandall Law Firm (Shanghai), the Unlisted Foreign Shares can be converted into new H Shares subject to satisfaction of the following conditions:

(a) the expiry of a period of one year from the date on which the Company was converted from a limited company into a joint stock limited company and listed on the Stock Exchange;

(b) documents regarding the conversion of Unlisted Foreign Shares having been filed with the CSRC by the Company;

(c) approval granted by the Stock Exchange for the listing and trading of the new H Shares converted from the Unlisted Foreign Shares;

(d) approval granted by the Shareholders of the Company at a general meeting for the conversion of Unlisted Foreign Shares into new H Shares in accordance with the Articles of Association; and

(e) full compliance with relevant PRC laws, rules, regulations and policies governing companies incorporated in the PRC and seeking permission for listing of shares outside the PRC and with the Articles of Association and any agreement among the Shareholders.

Upon satisfaction of all the conditions mentioned above and other conditions as may be imposed from time to time by the Stock Exchange, Unlisted Foreign Shares may be converted into new H Shares.

Material Investments and Acquisitions

On 23 April 2021, the Company entered into the Investment and Wealth Management Cooperation Framework Agreement with Shanghai Securities Co.,Ltd. (上海證券有限責任公司, the "Shanghai Securities"), pursuant to which, the Company and Shanghai Securities agreed on the investment and wealth management cooperation, for a term commencing from 23 April 2021 to 31 December 2023 (both days inclusive). Pursuant to the terms of the Investment and Wealth Management Cooperation Framework Agreement, Hangzhou Lianhua Huashang Group Co.,Ltd. (杭州聯華華商集團有限公司, the"Lianhua Huashang") entered into the Single Asset Management Contract dated 8 July 2021 with Shanghai Securities and the Custodian Bank in relation to the setting up of the Scheme and the investment and management of Entrusted Assets by Shanghai Securities for the benefit of Lianhua Huashang.

As the Single Asset Management Contract expired on 31 December 2023, Lianhua Huashang entered into the Supplemental Agreement with Shanghai Securities and the Custodian Bank on 27 September 2023, to renew the Single Asset Management Contract in relation to the provision of the asset management and investment services for the Entrusted Assets by Shanghai Securities and the Custodian Bank and make certain amendments to the Single Asset Management Contract, for an extended term of 3 years commencing from 1 January 2024 to 31 December 2026 (both days inclusive), pursuant to which, Shanghai Securities will invest and manage the Entrusted Assets that entrusted to it by Lianhua Huashang, on a discretionary basis, in accordance with the requirements of the applicable laws and regulations, regulatory requirements and investment guidelines provided under the Single Asset Management Contract (as supplemented and revised). As at 15 September 2023, the balance of net assets of the Scheme in the escrow account maintained by the Custodian Bank was RMB698.6236 million. Under the Supplemental Agreement, Lianhua Huashang agreed to increase the total amount of Entrusted Assets to RMB1,350 million, which has been paid in full by no later than 29 February 2024.

As at 30 June 2025, the fair value of the Group's investment in the above-mentioned asset management was approximately RMB1,286,843 thousand, accounting for more than 5% of the Group's total assets, reaching 7.3%. Amongst which, as at 30 June 2025, the Group's investment cost was approximately RMB1,259,419 thousand, and the unrealized profit or loss was approximately RMB27,424 thousand. In addition, there was no realized profit or loss and no dividend was received from it. The Group has achieved good returns through the Single Asset Management Contract (as supplemented and revised),and has established a good cooperative relationship with Shanghai Securities in this process. The Group will continue to entrust Shanghai Securities to manage the Entrusted Assets for the Group without affecting its daily operating liquidity and obtaining authorization from the shareholders' meeting.

Save as disclosed in this report, as at 30 June 2025, the Group has no significant investment and has no plans for major investment or acquisition of assets.

Material Acquisitions and Sales of Assets

During the six months ended 30 June 2025, the Group did not have any material acquisition or sale of subsidiaries, associated companies or joint ventures

Additional Issuance of Domestic Shares

On 11 May 2024, the Company convened the fifth meeting of the eighth session of the Board of Directors of the Company (the "Board"), and deliberated and passed the relevant proposals on the issuance of Domestic Shares. On 12 May 2024, the Company entered into the Share Subscription Agreement with Bailian Group. According to the terms of the Share Subscription Agreement, the Company has conditionally agreed to issue not more than 360,000,000 new Domestic Shares, and Bailian Group has conditionally agreed to subscribe in cash for 360,000,000 new Domestic Shares at the Subscription Price of RMB1.00 per new Domestic Share. The subscription price of RMB1.00 (equivalent to about HK$1.10051) per Subscription Share is about 249.37% higher than the closing price of about HK$0.315 per share quoted by H shares on the Stock Exchange on 10 May 2024, and these shares will be entrusted to Shanghai Bailian for management according to the Equity Entrustment Agreement. The net Subscription Price per new Domestic Share (being the net proceeds per Subscription Share) is RMB0.99 (equivalent to approximately HK$1.09). The net proceeds from the Domestic Share Subscription, after deduction of relevant costs and expenses, are intended to be used for the following purposes: (a) approximately 85% of which will be used for the business ecological transformation, which primarily comprises: (i) approximately 39.2% and 35% will be used for the conversion of supermarket and hypermarket outlets, respectively, including but not limited to upgrading product categories, vigorously developing key categories and proprietary brand; tailoring store layout to local conditions, developing boutique supermarkets and community shopping centres among other innovative formats; advancing store integration and increasing the density of stores outlet deployment in strategic areas; enhancing supply chain management and increasing the proportion of direct procurement; (ii) approximately 10.8% will be used for driving digital transformation; upgrading digital systems for merchandising, procurement, logistics, finance, internal supply chains, and digital store systems, thus improving the Group's standardization and management efficiency; and (b) approximately 15% of which will be used to enhance general working capital of the Group. Among other things, in terms of the expected timeline in utilizing the relevant net proceeds for the business ecological transformation, subject to the Company's business development plan or market conditions, the Company intends to invest the relevant net proceeds (i) in the conversion of supermarket and hypermarket outlets of the Company from the Completion of the Domestic Share Subscription up to 2026; and (ii) in the promotion of the Company's digitalization transformation from the Completion of the Domestic Share Subscription up to 2026. During the above period, the Company may adjust the progress of the use of net proceeds accordingly to meet the specific needs of its actual operations. For details, please refer to the announcement of the Company dated 12 May 2024 and the circular of the Company dated 31 July 2024.

On 27 August 2024, the above-mentioned issues related to the issuance of Domestic Shares were reviewed and approved by the extraordinary general meeting of shareholders of the Company. For details, please refer to the announcement of the Company dated 27 August 2024.

The Domestic Share Subscription was completed on 25 February 2025 according to the terms and conditions of the Share Subscription Agreement. The total number of issued shares of the Company increased from 1,119,600,000 shares to 1,479,600,000 shares, of which the number of issued Domestic Shares and unlisted foreign shares increased from 747,000,000 shares to 1,107,000,000 shares. For details, please refer to the announcement of the Company dated 25 February 2025. As at the date of this report, the Company has received the funds raised for the additional issuance of Domestic Shares.

Future Plans for Material Investments or Capital Assets

There were no plans for material investments or capital assets as at 30 June 2025. However, in view of the challenging future environment, the Group will continue to look for new business opportunities to supplement and upgrade its existing business. The Company will comply with the relevant requirements of the Listing Rules and make announcements in due course.

Subsequent Events

From 1 July 2025 to the date of the interim report, there was no subsequent event that may cause material effects on the results of the Company.

Interim Dividend

The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2025.

Purchase, Sale or Redemption of Shares

For the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company. As at 30 June 2025, the Company did not hold any treasury shares.

Audit Committee

The audit committee of the Company (the "Audit Committee") has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, and has reviewed the unaudited condensed interim accounts for the six months ended 30 June 2025 of the Group. The Audit Committee has no disagreement with the accounting principles and practices adopted by the Group.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as code of conduct for securities transactions by all the Directors, supervisors and relevant employees of the Company. After specific enquiries to the Directors, supervisors and relevant employees of the Company, the Board is pleased to confirm that all the Directors, supervisors and relevant employees of the Company have fully complied with the provisions under the Model Code during the period under review.

Compliance with the Corporate Governance Code in Appendix C1 to the Listing Rules

The Board is pleased to confirm that except for the matters as set out below, the Company has complied with all the code provisions in the "Corporate Governance Code" (in effect as of 30 June 2025) (the "Code") as set out in Part 2 of Appendix C1 to the Listing Rules during the period under review. Apart from the following deviations, none of the Directors is aware of any information that would reasonably indicate that the Company is not or was not for any time of the period under review in compliance with the Code. Details of the deviations are set out as follows:

Provision B.2.2 of the Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Articles of Association provide that each director shall be appointed at the general meeting of the Company and for a term of not more than 3 years, and is eligible for re-election. Having taken into account the continuity of the implementation of the Company's operation and management policies, the Articles of Association contain no express provision for the mechanism of directors' retirement by rotation, thus deviating from the aforementioned provision of the Code.

Each of the relevant Directors appointed during the year ended 31 December 2024 and the six months ended 30 June 2025, namely, Ms. Zhang Hui-qin, Ms. Yang Qin, Ms. Shen Chen, Ms. Wang Xiao-yan, Mr. Cao Hai-lun and Mr. Zhu Ding-ping, has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on Hong Kong laws as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 30 January 2024, 24 May 2024, 6 September 2024, 27 November 2024, 1 December 2024 and 2 January 2025, respectively, and he/she has confirmed that he/she understood his/her obligations as a director of a listed issuer.

For Provision C.1.6 (which has been re-numbered as code provision C.1.5 since 1 July 2025) of the Code in respect of the non-executive directors' regular attendance and active participation in Board meetings and attendance at general meetings:

Ms. Zhang Hui-qin, an executive Director, Ms. Shen Chen, a non-executive Director and Mr. Cao Hai-lun, a non-executive Director, were unable to attend the tenth meeting of the eighth session of the Board convened on 28 March 2025 by the Company due to their other business commitments.

Mr. Cao Hai-lun, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the 2024 annual general meeting of the Company convened on 19 June 2025 (the "2024 AGM") due to their other business commitments.

Mr. Cao Hai-lun, a non-executive Director and Mr. Lee Kwok Ming, Don, an independent non-executive Director, were unable to attend the eleventh meeting of the eighth session of the Board convened on 19 June 2025 by the Company due to their other business commitments.

Mr. Cao Hai-lun, a non-executive Director, and Mr. Chen Wei, an independent non-executive Director, were unable to attend the twelfth meeting of the eighth session of the Board convened on 28 August 2025 by the Company due to their other business commitments.

After receiving the relevant materials for the Board meetings, the above-mentioned Directors have authorized other Directors to attend the meetings and vote on their behalf. The relevant matters were considered at the Board meetings and all the resolutions were passed smoothly. The Company sent the related minutes to all members of the Board after the Board meetings so that the Directors who were unable to attend the Board meetings were able to understand the resolutions passed at the meetings.

Moreover, the Company has provided the relevant materials and all necessary information relating to the 2024 AGM to all members of the Board before the 2024 AGM. All ordinary resolutions considered at the 2024 AGM were passed smoothly. The Company sent the related minutes of the 2024 AGM to all members of the Board after the 2024 AGM so that the Directors who were unable to attend the 2024 AGM were able to understand the resolutions passed at the meeting.

Change in Information of Directors

The changes in information of Directors up to the date of this report are set out below:

Name of Director		Details of Changes
Mr. Wong Tak Hung	–	Resigned as a non-executive Director of the Company on 7 January 2025
Mr. Zhu Ding-ping	–	Appointed as an executive Director of the Company on 7 January 2025
Mr. Lee Kwok Ming, Don	–	Resigned as an independent non-executive director of Bossini International Holdings Limited on 17 March 2025

Please see the announcement of the Company dated 7 January 2025 and the circular of the Company dated 30 May 2025 for the biographical details of the relevant Directors. Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By Order of the Board
Mr. Pu Shao-hua
Chairman

Shanghai, the PRC, 28 August 2025

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE SHAREHOLDERS OF LIANHUA SUPERMARKET HOLDINGS CO., LTD.
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Lianhua Supermarket Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 August 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	NOTES	Six months ended 30 June 2025 (Unaudited) RMB'000	 2024 (Unaudited) RMB'000
Revenue	3	**9,591,172**	10,896,547
Cost of sales		**(8,451,077)**	(9,644,651)
Gross profit		**1,140,095**	1,251,896
Other revenue	3	**639,751**	902,425
Other income and other gains and losses	5	**410,898**	282,829
Distribution and selling expenses		**(1,696,579)**	(1,973,101)
Administrative expenses		**(311,328)**	(324,077)
Impairment losses under expected credit loss ("ECL") model, net of reversal	18	**250**	(3,040)
Other expenses	6	**(13,242)**	(15,999)
Share of results of associates		**3,169**	3,244
Finance costs	7	**(88,948)**	(106,655)
Profit before tax	8	**84,066**	17,522
Income tax expense	9	**(24,359)**	(45,372)
Profit (loss) and total comprehensive income (expense) for the period		**59,707**	(27,850)
Profit (loss) and total comprehensive income (expense) for the period attribute to:			
Owners of the Company		**42,246**	(54,809)
Non-controlling interests		**17,461**	26,959
		59,707	(27,850)
Earnings (loss) per share – basic (RMB cents)	11	**3.1**	(4.9)

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	NOTES	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	12	**2,838,353**	2,954,612
Construction in progress	12	**4,005**	9,199
Right-of-use assets	12	**3,960,942**	4,363,238
Goodwill	12	**143,214**	144,175
Intangible assets	12	**121,971**	115,363
Interests in associates		**240,641**	237,525
Financial assets at fair value through profit or loss ("FVTPL")	13	**74,885**	67,565
Finance lease receivables-non-current		**32,837**	42,953
Term deposits	14	**2,724,622**	3,214,024
Deferred tax assets	15	**79,377**	83,028
Other non-current assets	16	**49,204**	150,701
		10,270,051	11,382,383
Current assets			
Inventories		**1,605,362**	1,879,688
Finance lease receivables-current		**32,148**	33,771
Prepaid rental		**–**	4,157
Trade and bills receivables	17	**260,864**	262,893
Deposits, prepayments and other receivables		**665,231**	735,843
Financial assets at FVTPL	13	**1,287,591**	1,333,454
Amount due from an ultimate holding company	19	**8**	8
Amounts due from fellow subsidiaries	19	**36,099**	48,118
Amount due from an associate	20	**634**	581
Term deposits	14	**2,530,058**	2,005,933
Restricted bank balances		**22,456**	16,356
Cash and cash equivalents		**870,425**	1,602,613
		7,310,876	7,923,415
Assets classified as held for sale		**–**	356,572
		7,310,876	8,279,987
Total assets		**17,580,927**	19,662,370

(Continued)

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	NOTES	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Capital and reserves			
Share capital	21	**1,479,600**	1,119,600
Reserves		**(1,367,268)**	(1,406,239)
Equity attributable to owners of the Company		**112,332**	(286,639)
Non-controlling interests		**365,817**	354,570
Total equity		**478,149**	67,931
Non-current liabilities			
Deferred tax liabilities	15	**118,171**	161,006
Lease liabilities		**3,267,479**	3,698,516
		3,385,650	3,859,522
Current liabilities			
Trade and bills payables	22	**3,275,941**	3,870,893
Tax payable		**136,357**	108,714
Other payables and accruals	23	**1,271,443**	1,718,446
Lease liabilities		**694,665**	628,976
Coupon liabilities and advance from customers	24	**8,218,931**	8,730,204
Amount due to an ultimate holding company	19	**42,777**	61,545
Amounts due to fellow subsidiaries	19	**76,370**	195,673
Amounts due to associates	20	**644**	746
		13,717,128	15,315,197
Liabilities associated with assets classified as held for sale		**–**	419,720
		13,717,128	15,734,917
Total liabilities		**17,102,778**	19,594,439
Total equity and liabilities		**17,580,927**	19,662,370

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the Company							
	Share capital RMB'000	Capital reserve RMB'000 (note a)	Other reserve RMB'000 (note b)	Statutory common reserve fund RMB'000 (note c)	Accumulated losses RMB'000	Total attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024 (audited)	1,119,600	258,353	(235,497)	559,800	(1,630,130)	72,126	376,221	448,347
Total comprehensive (expense) income for the period	–	–	–	–	(54,809)	(54,809)	26,959	(27,850)
Dividends to non-controlling shareholders	–	–	–	–	–	–	(5,076)	(5,076)
At 30 June 2024 (unaudited)	1,119,600	258,353	(235,497)	559,800	(1,684,939)	17,317	398,104	415,421
At 1 January 2025 (audited)	**1,119,600**	**258,353**	**(235,497)**	**559,800**	**(1,988,895)**	**(286,639)**	**354,570**	**67,931**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**42,246**	**42,246**	**17,461**	**59,707**
Dividends to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(6,214)**	**(6,214)**
Issuance of ordinary shares (note d)	**360,000**	**(3,079)**	**–**	**–**	**–**	**356,921**	**–**	**356,921**
Acquisition of non-controlling interests	**–**	**–**	**(196)**	**–**	**–**	**(196)**	**–**	**(196)**
At 30 June 2025 (unaudited)	**1,479,600**	**255,274**	**(235,693)**	**559,800**	**(1,946,649)**	**112,332**	**365,817**	**478,149**

Notes:

(a) Capital reserve of the Company represents share premium arising from issue of H shares net of share issuance expenses.

(b) Other reserve of the Group mainly represents:

i. the fair value difference of a subsidiary's net assets, arising from a business combination in 2005, and the Group's original equity interest in that subsidiary;

ii. the financial impact of adopting merger accounting to account for the acquisition of subsidiaries during the year ended in 2009 and 2011;

iii. acquisition of additional equity interests in subsidiaries; and

iv. share of the other comprehensive income of the associates.

(c) Pursuant to the relevant regulations of the People's Republic of China (the "PRC") and the Articles of Association of the subsidiaries registered in the PRC, each of the companies within the Group is required to transfer 10% of its profit, as determined under the PRC accounting regulations, to statutory common reserve fund until the fund aggregates to 50% of its registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders. No further transfer is required when the fund has reached 50% of the registered capital of the subsidiaries registered in the PRC.

The statutory common reserve fund shall only be used to offset previous years' losses, to expand its operations, or to increase its capital. The statutory common reserve fund may be converted into the capital, provided the balance of the reserve fund after such conversion is not less than 25% of the registered capital.

No transfer has been made to the statutory common reserve fund in respect of the net profit for the six months ended 30 June 2025 and 2024 as such transfer will be made, upon directors' approval, at the year-end date based on the annual profit.

(d) On 25 February 2025, the Company issued 360,000,000 new shares to Bailian Group Co., Ltd. ("Bailian Group") at the subscription price of RMB1 per share. The net proceeds received by the Company, after deduction of the underwriting commission and other expenses payable by the Company, amounted to RMB356,921,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash (used in) from operating activities	**(804,946)**	719,733
Investing activities		
Placement of unrestricted term deposits	**(2,230,000)**	(1,390,000)
Withdrawal of unrestricted term deposits	**2,394,900**	1,099,990
Payments for purchase of property, plant and equipment and construction in progress	**(67,691)**	(62,626)
Proceeds from disposal of property, plant and equipment	**1,622**	2,580
Payments for purchase of intangible assets	**(13,367)**	(6,559)
Payment for rental deposits	**(1,253)**	(1,835)
Refund of rental deposits	**2,153**	3,959
Dividends from financial assets at FVTPL	**10**	10
Proceeds from disposal of financial assets at FVTPL	**333,174**	365,000
Purchase of financial assets at FVTPL	**(260,000)**	(505,000)
Net cash from (used in) investing activities	**159,548**	(494,481)
Financing activities		
Dividends paid to non-controlling shareholders	**(70,648)**	(81,635)
Proceeds from notes financing	**1,432,679**	1,587,355
Payments for notes financing	**(1,494,712)**	(1,450,000)
Repayments of lease liabilities	**(313,366)**	(355,115)
Proceeds on issuance of ordinary shares	**360,000**	–
Payments of issue costs	**(547)**	–
Acquisition of non-controlling interests	**(196)**	–
Net cash used in financing activities	**(86,790)**	(299,395)
Net decrease in cash and cash equivalents	**(732,188)**	(74,143)
Cash and cash equivalents at 1 January	**1,602,613**	2,447,620
Cash and cash equivalents at 30 June	**870,425**	2,373,477

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As of 30 June 2025, the Group has net current liabilities of RMB6,406,252,000 (31 December 2024: RMB7,454,930,000). Taking into account of the Group's ability to withdraw the non-current unrestricted term deposits of RMB2,520,100,000 (31 December 2024: RMB1,690,000,000), the historical settlement and addition pattern of the coupon liabilities (disclosed under coupon liabilities and advance from customers), the directors of the Company consider the liquidity risk has been effectively monitored and the Group is able to be continued as a going concern.

The condensed consolidated financial statements are presented in Renminbi (the "RMB"), which is also the functional currency of the Company and its subsidiaries.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of amendments to a HKFRS Accounting Standard in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND OTHER REVENUE

The Group is principally engaged in the operation of chain stores for hypermarkets, supermarkets and convenience stores. Analysis of the Group's revenue recognised during the period is as follows:

(i) Disaggregation of revenue from contracts with customers

Type of Revenue

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sales of merchandise	**9,591,172**	10,896,547
Services		
Income from suppliers (service income)	**440,798**	657,273
Franchising income from franchised stores	**17,761**	18,829
Commission income on coupon redemption at other retail shops	**4,644**	659
	463,203	676,761
	10,054,375	11,573,308

Timing of revenue recognition

At a point in time	**9,595,816**	10,897,206
Over time	**458,559**	676,102
	10,054,375	11,573,308

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers – sales of merchandise	**9,591,172**	10,896,547
Other revenue from contracts with customers – services	**463,203**	676,761
Rental income from leasing of shop premises	**176,548**	225,664
	639,751	902,425
Total revenue and other revenue	**10,230,923**	11,798,972

3. REVENUE AND OTHER REVENUE (Continued)

(ii) Leases

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
For operating leases:		
Fixed lease payments	**174,438**	222,082
For finance leases:		
Finance income on the net investment in the lease	**2,110**	3,582
Total revenue arising from leases	**176,548**	225,664

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue (including revenue and other revenue) and results by reportable and operating segments, which the Group's General Manager, being the Group's chief operating decision maker (the "CODM"), reviews when making decisions about allocating resources and assessing performance:

	Segment revenue Six months ended 30 June		Segment results Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000	**2025 (Unaudited) RMB'000**	2024 (Unaudited) RMB'000
Hypermarkets	**4,116,687**	5,220,509	**1,830**	94,228
Supermarkets	**5,363,098**	5,756,369	**9,979**	29,776
Convenience stores	**704,771**	785,340	**(9,585)**	(18,432)
Other operations	**46,367**	36,754	**8,251**	1,277
	10,230,923	11,798,972	**10,475**	106,849

A reconciliation of the total segment results to consolidated profit before tax is as follows:

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Segment results	**10,475**	106,849
Share of results of associates	**3,169**	3,244
Gain on disposal of 3 Target Companies (Note 26)	**187,126**	–
Unallocated interest income	**7,526**	16,491
Unallocated gain (loss) on change in fair value of financial assets at FVTPL	**7,329**	(4,892)
Unallocated expenses	**(131,559)**	(104,170)
Profit before tax	**84,066**	17,522

4. SEGMENT INFORMATION (Continued)

All of the segment revenue reported above is from external customers.

All of the Group's revenue and segment results are attributable to customers in the PRC.

Segment results did not include share of results of associates, gain on disposal of 3 Target Companies, allocation of headquarter income and expenses (including certain interest income relating to funds centrally managed) and unallocated gain (loss) on change in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Information on segment assets and liabilities is not disclosed since these information are not used by CODM in assessing the performance of reportable segments.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest income on bank balances and term deposits	**84,730**	122,218
Government grants (note i)	**21,905**	14,618
Gain on disposal of 3 Target Companies (Note 26)	**187,126**	–
Gain on change in fair value of financial assets at FVTPL	**34,631**	14,783
Dividends from financial assets at FVTPL	**10**	10
Net gain on termination of right-of-use assets and lease liabilities	**43,643**	50,917
Salvage sales	**5,180**	6,827
Income from breakage (note ii)	**11,356**	7,331
Coupon charges	**3,100**	5,057
Penalty income	**5,879**	48,841
Membership income	**454**	2,280
Others	**12,884**	9,947
Total	**410,898**	282,829

Notes:

(i) The Group received unconditional grants of RMB21,905,000 (30 June 2024: RMB14,618,000) from the PRC local government as an encouragement for operation of certain subsidiaries in certain regions of the PRC.

(ii) The Group recognises the amount of breakage at expected redemption rate, which is formulated by reference to the ratio derived from historical information on proportion of coupons issued by the Group but not yet utilised by the customers for certain period of time. The breakage amounts are recognised as other income from coupon liabilities.

6. OTHER EXPENSES

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	**609**	7,203
Store closure expenses	**11,325**	5,077
Penalty expense	**40**	3,087
Others	**1,268**	632
	13,242	15,999

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest expense on lease liabilities	**81,627**	94,010
Expense on discounting of bill receivables	**7,321**	12,645
	88,948	106,655

8. PROFIT BEFORE TAX

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before tax has been arrived at after charging (crediting):		
Amortisation and depreciation		
Amortisation of intangible assets (Note 12)	**12,408**	17,104
Depreciation of property, plant and equipment (Note 12)	**156,242**	172,475
Depreciation of right-of-use assets (Note 12)	**393,957**	441,460
Total amortisation and depreciation	**562,607**	631,039
Cost of inventories recognised as an expense	**8,451,077**	9,646,212
Impairment losses under ECL model, net of reversal	**(250)**	3,040
Staff costs	**867,039**	974,992
Reversals of write down of inventories	**–**	(1,561)
Share of results of associates		
Share of results before tax	**(4,247)**	(4,155)
Share of income tax expense	**1,078**	911
	(3,169)	(3,244)

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax on the PRC Enterprise Income Tax ("EIT")	**62,748**	44,086
Under (over) provision in prior years	**795**	(227)
Deferred tax (credit) expense	**(39,184)**	1,513
	24,359	45,372

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on EIT ("EIT Law") and Implementation Regulation of the EIT Law, the EIT tax rate of the PRC subsidiaries is 25%. Certain subsidiaries are entitled to EIT at preferential rate of 15% as those entities are located in the western China. In addition, certain subsidiaries which are identified as small low-profit enterprises are entitled to enjoy preferential EIT rate ranging from 5% to 10%.

10. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for both interim periods.

11. EARNINGS (LOSS) PER SHARE – BASIC

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings (loss)		
Earnings (loss) for the period attributable to owners of the Company	**42,246**	(54,809)

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,370,208,000**	1,119,600,000

No diluted earnings (loss) per share is presented as there was no dilutive potential ordinary shares in issue for both periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, CONSTRUCTION IN PROGRESS, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Goodwill RMB'000	Intangible assets RMB'000
Opening carrying amount as at 1 January 2024	3,221,869	14,339	5,022,128	146,096	126,477
Additions	44,637	6,921	404,374	–	6,559
Transfers	11,838	(11,838)	–	–	–
Lease modification	–	–	(14,291)	–	–
Disposals/Termination	(9,783)	–	(265,423)	–	–
Depreciation/amortisation charge (note 8)	(172,475)	–	(441,460)	–	(17,104)
Closing carrying amount as at 30 June 2024 (unaudited)	3,096,086	9,422	4,705,328	146,096	115,932
Opening carrying amount as at 1 January 2025	2,954,612	9,199	4,363,238	144,175	115,363
Additions	38,708	3,961	259,671	–	13,367
Transfers	3,506	(9,155)	–	–	5,649
Lease modification	–	–	(26,487)	–	–
Disposals/Termination	(2,231)	–	(241,523)	–	–
Depreciation/amortisation charge (note 8)	(156,242)	–	(393,957)	–	(12,408)
Decreased (note)	–	–	–	(961)	–
Closing carrying amount as at 30 June 2025 (unaudited)	2,838,353	4,005	3,960,942	143,214	121,971

Note: The decrease in goodwill was mainly due to the effect of the subsequent decrease in deferred tax liabilities arising from business combination. Deferred tax liabilities decreased subsequently as the future taxable temporary difference arising from the fair value adjustment of the property, plant and equipment acquired on acquisition date has been decreased due to the additional depreciation and amortisation charged subsequent to acquisition date.

The management of the Group conducts a review of the Group's leasehold improvements and operating and office equipment on a periodic basis to determine if there are any indications of impairment.

During the current interim period, the management of the Group conducted an impairment review of the Group's property, plant and equipment, construction in progress, right-of-use assets and intangible assets and no impairment was recognised.

13. FINANCIAL ASSETS AT FVTPL

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Non-current		
Unlisted equity instruments	**797**	797
Equity securities listed in the Shanghai Stock Exchange	**74,088**	66,768
Total	**74,885**	67,565
Current		
Equity securities listed in the Shanghai Stock Exchange	**748**	861
Unlisted financial products (note)	**1,286,843**	1,332,593
Total	**1,287,591**	1,333,454

Note:

Unlisted financial products investments are managed by licensed financial institutions in the PRC to invest principally in certain financial assets including bonds, trusts, cash funds or unlisted equity investments in the PRC in accordance with the entrusted agreements entered into between the parties involved. The gain on change in fair value of RMB27,424,000 (six months ended 30 June 2024: RMB19,874,000) is credited to "other income and other gains and losses".

14. TERM DEPOSITS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Non-current:		
Restricted term deposits	**204,522**	1,524,024
Other non-current unrestricted term deposits	**2,520,100**	1,690,000
Total	**2,724,622**	3,214,024
Current:		
Restricted term deposits	**1,520,058**	933
Other current unrestricted term deposits	**1,010,000**	2,005,000
Total	**2,530,058**	2,005,933

Term deposits are placed with banks in the PRC and denominated in RMB. Deposits with a maturity period over 3 months but within 1 year are presented as current assets whilst deposits with a maturity period over 1 year but not exceeding 5 years are presented as non-current assets.

Restricted term deposits are term deposits placed by the Group to certain banks as a security for coupons issued to customers and are not available for other use by the Group.

The remaining term deposits are held to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rates on term deposits range from 1.35% to 4.00% (2024: 1.35% to 4.30%) per annum for the Group. The carrying amounts of the term deposits of the Group approximated their fair value.

15. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and preceding interim periods:

	Fair value adjustments	ECL provision and inventory allowances	Accrued expenses	Accrued income	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (audited)	(66,537)	2,486	2,057	(55,880)	1,126,230	(1,058,257)	(49,901)
(Charge) credit to profit or loss	(1,288)	756	(1,702)	248	(84,770)	85,243	(1,513)
As at 30 June 2024 (unaudited)	(67,825)	3,242	355	(55,632)	1,041,460	(973,014)	(51,414)
(Charge) credit to profit or loss	(16,108)	(92)	(31)	(20,072)	(67,579)	77,318	(26,564)
As at 31 December 2024 (audited)	(83,933)	3,150	324	(75,704)	973,881	(895,696)	(77,978)
Credit (charge) to profit or loss	21,724	(117)	2	21,137	(101,079)	97,517	39,184
As at 30 June 2025 (unaudited)	(62,209)	3,033	326	(54,567)	872,802	(798,179)	(38,794)

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Deferred tax assets	**79,377**	83,028
Deferred tax liabilities	**(118,171)**	(161,006)
	(38,794)	(77,978)

At the end of the current interim period, the Group has unused tax losses of RMB2,609,469,000 (31 December 2024: RMB3,220,445,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

16. OTHER NON-CURRENT ASSETS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Interest receivable on term deposits	**49,204**	150,701

17. TRADE AND BILLS RECEIVABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade receivables – contracts with customers	**268,833**	270,006
Bills receivables	**–**	1,900
Less: allowance for credit losses	**(7,969)**	(9,013)
	260,864	262,893

The aging analysis of the trade receivables net of allowance for credit losses at the end of the reporting period, arising principally from sales merchandise to wholesalers with credit terms ranging from 30 to 60 days (31 December 2024: 30 to 60 days), presented as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-30 days	**259,070**	250,710
31-60 days	**40**	–
61-90 days	**23**	1,189
Over 90 days	**1,731**	9,094
	260,864	260,993

The aging is determined from the date on which the control of the goods or services is transferred to the customers till the end of the reporting period.

17. TRADE AND BILLS RECEIVABLES (Continued)

The following is an ageing analysis of bills receivables presented based on the issue dates of bills receivables:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	**–**	1,900

The following is a maturity analysis of bills receivables presented based on the remaining dates to maturity of bills receivables at the end of each reporting period:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	**–**	1,900

The trade receivables are mainly public institutions with good credit standing. The management considered the credit quality of the trade receivables that are neither past due nor impaired were good and there was no default from those debtors in historical record. For trade receivables which are past due, the Group has applied provision matrix to measure the ECL.

Aging of trade receivables which are past due:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
1-30 days past due	**23**	1,189
More than 30 days past due	**1,731**	9,094
	1,754	10,283

18. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Impairment loss (reversed) recognised on:		
– Trade receivables	**(1,042)**	1,586
– Other receivables	**792**	1,454
	(250)	3,040

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

19. AMOUNT(S) DUE FROM/TO AN ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amount/amounts due from/to ultimate holding company/fellow subsidiaries (31 December 2024: excluding amount of RMB145,523,000) was trade in nature, unsecured, interest free, with credit terms ranging from 30 to 90 days (31 December 2024: 30 to 90 days). As at 30 June 2025, balances of amounts due from (to) ultimate holding company/fellow subsidiaries are mainly aged within 90 days (31 December 2024: 90 days).

As at 31 December 2024, amount of RMB145,523,000 represents the consideration received in advance in respect of the disposal of 3 Target Companies, details of which are set out in Note 26.

20. AMOUNT(S) DUE FROM AN ASSOCIATE/TO ASSOCIATES

Amounts due from an associate/to associates represent balances arising from expenses paid on behalf of an associate and purchase of merchandise from associates. Balances are all aged within 90 days (31 December 2024: 90 days) and the credit terms of the trade balances range from 30 to 90 days (31 December 2024: 30 to 90 days). Such balances with associates are unsecured and interest free.

21. SHARE CAPITAL

	Number of share	**Share capital**
		RMB'000
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid:		
As at 1 January 2024, 30 June 2024, 31 December 2024	1,119,600,000	1,119,600
Issuance of ordinary shares	360,000,000	360,000
As at 30 June 2025	1,479,600,000	1,479,600

22. TRADE AND BILLS PAYABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade payables	**2,200,063**	2,765,969
Bills payables (note)	**1,075,878**	1,104,924
	3,275,941	3,870,893

Note:

During the six months ended 30 June 2025 and 30 June 2024, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the bills to banks. The cash flows of such transactions have been presented in cash flow statement as financing activities.

The aging analysis of trade payables at the end of the reporting period, arising mainly from purchase of merchandise with credit terms ranging from 30 to 60 days (31 December 2024: 30 to 60 days), is as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-30 days	**728,456**	769,929
31-60 days	**409,152**	540,407
61-90 days	**255,993**	381,477
Over 90 days	**806,462**	1,074,156
	2,200,063	2,765,969

The aging is determined from the date on which the control of the goods or services is transferred to the Group till the end of the reporting period.

The following is an aging analysis of bills payables presented based on issue dates at the end of each reporting period:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	**1,075,878**	1,104,924

22. TRADE AND BILLS PAYABLES (Continued)

The following is an aged analysis of bills payables presented based on maturity date at the end of each reporting period:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
0-180 days	**1,075,878**	1,104,924

23. OTHER PAYABLES AND ACCRUALS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Prepayments received from franchisees and other third parties	**399,251**	703,508
Deposits from lessees, franchisees and other third parties	**298,709**	303,318
Store closure provision	**115,099**	130,113
Payroll, staff welfare and other staff cost payable	**190,778**	221,490
Value added tax and other tax payables	**92,571**	100,291
Payables for acquisition of property, plant and equipment and low value consumables	**58,716**	86,322
Accruals	**103,143**	85,891
Other miscellaneous payables	**8,910**	18,788
Amounts payables to other retailers upon customers' redemption of coupon issued by the Group	**4,266**	4,291
Dividend payable to non-controlling interests	**–**	64,434
	1,271,443	1,718,446

24. COUPON LIABILITIES AND ADVANCE FROM CUSTOMERS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Coupon liabilities issued by the Group (note)	**6,897,296**	7,168,026
Coupon liabilities sold on behalf of fellow subsidiaries	**1,222,080**	1,425,938
Advance from customers	**99,555**	136,240
	8,218,931	8,730,204

Note: Amount of RMB703,021,000 (31 December 2024: RMB733,909,000) value added tax to be paid are included in the balance of coupon liabilities issued by the Group.

25. CAPITAL COMMITMENTS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment:		
– contracted for but not provided in the condensed consolidated financial statements	**24,618**	38,165

26. DISPOSAL OF SUBSIDIARIES

On 27 September 2024, the Company entered into 3 sale and purchase agreements with Shanghai Dongran Industrial Co., Ltd.* (上海動燃實業有限公司) ("Shanghai Dongran"), a fellow subsidiary, pursuant to which the Company has conditionally agreed to sell, and Shanghai Dongran has conditionally agreed to purchase each of the entire equity interest in i) Lianhua Supermarket (Jiangsu) Co., Ltd.* (聯華超市(江蘇)有限公司) ("Jiangsu Lianhua"), ii) Anhui Century Lianhua Development Co., Ltd.* (安徽世紀聯華發展有限公司) ("Anhui Lianhua") and iii) Shanghai Century Lianhua Supermarket Hongkou Co., Ltd.* (上海世紀聯華超市虹口有限公司) ("Hongkou Century Lianhua") (collectively referred to as the "3 Target Companies"), which owned and operated certain stores in the PRC. The cash consideration of the disposal of the 3 Target Companies, which were based on the fair value of 3 Target Companies as at 30 June 2024, were approximately RMB145,523,000. Under the sale and purchase agreements, the Company and Shanghai Dongran agreed that any profits or losses arising from the operations that result in an increase or decrease in the net assets value of 3 Target Companies during the transitional period, which commenced from 1 July 2024 to the completion date of disposal, shall be shared or borne by Shanghai Dongran.

* English name is for identification purpose

The disposal was underway as at 31 December 2024 as certain conditions precedent had not yet been met. The transaction was approved by general meeting of shareholders of the Company on 5 December 2024. The management of the Group believes that the sale of each of the 3 Target Companies was highly probable to be completed within twelve months from the date of classification. Assets and liabilities of each of the 3 Target Companies, which was expected to be sold within twelve months, had been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively, and were presented separately in the consolidated statement of financial position as at 31 December 2024.

Pursuant to the completion of the share transfer registration, the disposal of 3 Target Companies were completed in January 2025, on which dates the control of 3 Target Companies were passed to Shanghai Dongran.

26. DISPOSAL OF SUBSIDIARIES (Continued)

Analysis of assets and liabilities over which control was lost on the date of disposal of 3 Target Companies:

	RMB'000
Property, plant and equipment	43,593
Right-of-use assets	174,559
Intangible assets	183
Finance lease receivables	9,995
Inventories	47,741
Trade and bills receivables	3,984
Deposits, prepayments and other receivables	45,210
Restricted bank balances	12,214
Cash and cash equivalents	19,093
Lease liabilities	(235,651)
Trade and bills payables	(75,865)
Other payables and accruals	(53,147)
Coupon liabilities and advance from customers	(55,057)
Net liabilities disposed of	(63,148)

Gain on disposal

	RMB'000
Consideration	145,523
Less: net liabilities disposed of attributable to owners of the Company	(63,148)
Amounts due from fellow subsidiaries	21,685
Amounts due to fellow subsidiaries	(140)
Gain on disposal	187,126

	RMB'000
Net cash inflow arising on disposal of 3 Target Companies	
Consideration	145,523
Less: consideration received in advance in 2024 (Note 19)	(145,523)
	–

27. RELATED PARTY TRANSACTIONS

Save as elsewhere disclosed in the condensed consolidated financial statements, the Group also entered into the following related party transactions during the current interim period:

(i) Related party transactions

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales to fellow subsidiaries	**73,735**	228,518
Sales to/return from other related parties	**892**	(131)
Purchases from associates	**328**	657
Purchases from an ultimate holding company and fellow subsidiaries	**94,981**	100,089
Rental income from fellow subsidiaries	**14,491**	14,372
Commission income arising from the redemption of coupon liabilities with a fellow subsidiary	**2,362**	2,440
Commission charges arising from the redemption of coupon liabilities with a fellow subsidiary	**3,648**	5,831
Interest expenses on lease liabilities charged by fellow subsidiaries	**236**	1,240
Property management fee charged by fellow subsidiaries	**4,747**	4,965
Interest income earned from a fellow subsidiary	**18,320**	17,072
Platform usage fee charged by fellow subsidiaries	**19,729**	23,931
Logistics resource leasing fee charged by fellow subsidiaries	**657**	1,018
Logistics and delivery service fee charged by fellow subsidiaries	**–**	73
Logistics and delivery services income from fellow subsidiaries	**613**	1,715
Logistics and delivery services fee charged by other related parties	**13,000**	2,378
Service and platform usage fee charged by other related parties	**3,972**	12,908
Transaction amounts transferred from the Group's relevant account into a fellow subsidiary's settlement account	**4,445**	6,772
Transaction amounts transferred from a fellow subsidiary's settlement account into the Group's relevant account upon redemption of membership points by the customers	**1,778**	2,523
Securities management fees charged by fellow subsidiary	**1,256**	–
Entrusted management income from fellow subsidiary	**3,700**	–

Detail terms of related party transactions during the current interim period are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

27. RELATED PARTY TRANSACTIONS (Continued)

(ii) Related party balances

The Group entered into a financial services agreement with a fellow subsidiary controlled by Bailian Group, pursuant to which the fellow subsidiary agreed to provide the Group the deposit and loan services at a rate equal to or more favourable than those offered by other major commercial banks in the PRC in respect of comparable deposits and loans.

During the year ended 31 December 2023, the Group entered into a supplemental agreement to the Investment and Wealth Management Cooperation Framework Agreement with the fellow subsidiary, pursuant to which, the fellow subsidiary agreed to invest and manage the entrusted assets in accordance with the requirements of the applicable laws and regulations, regulatory requirements and investment guidelines.

The summary of cash and cash equivalents, unrestricted term deposits and investment made in a fellow subsidiary is set out below:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Cash and cash equivalents and unrestricted term deposits in a fellow subsidiary	**1,617,235**	1,200,000
Investment and wealth management cooperation with a fellow subsidiary	**1,286,843**	1,332,593
The summary of lease liabilities to related parties is as follows:		
Lease liabilities	**74,176**	80,362

(iii) Transactions/balances with other government related entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC government ("Government Related Entities", including Bailian Group). Apart from the transactions with fellow subsidiaries disclosed above, the Group has also entered into various transactions, including sales, purchase, deposits placement, and bank borrowing with other Government Related Entities.

In view of the nature of the retail business operated by the Group, the directors of the Company are of the opinion that it is impracticable to identify the identities of the counterparties from the sales of merchandise as to whether they are Government Related Entities.

During both periods, significant amounts of the Group's purchase were from Government Related Entities and most of the Group's deposits and bank borrowing are placed and advanced from banks which are also Government Related Entities.

27. RELATED PARTY TRANSACTIONS (Continued)

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**5,209**	5,258
Post-employment benefits	**366**	228
Other long-term benefits	**423**	272
	5,998	5,758

The remuneration of directors and key management personnel is determined by the remuneration and appraisal committee having regard to the performance of individuals and market trends.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30/06/2025 RMB'000	31/12/2024 RMB'000			
1) Investments in unlisted financial products which are managed by licensed financial institutions in the PRC classified as financial assets at FVTPL	**1,286,843**	1,332,593	Level 2	Discounted cash flows method, estimated based on expected return and market interest rate	Not applicable
2) Investment in equity shares listed in the Shanghai Stock Exchange classified as financial assets at FVPTL	**74,836**	67,629	Level 1	Quoted bid prices in an active market	Not applicable
3) Unquoted equity investments classified as financial assets at FVTPL	**797**	797	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries.

There were no transfers between Level 1 and 2 during both periods.

Fair value measurements and valuation process

The Chief Financial Officer ("CFO") of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available, and if appropriate, the Group will engage third party qualified valuers to perform the valuation. The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The CFO reports the findings, if any, to the board of directors of the Company at the end of each reporting period to explain the cause of fluctuations in the fair value.

29. AUTHORISATION FOR THE ISSUE OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements were authorised for issue by the board of directors of the Company on 28 August 2025.