

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**北京京客隆商業集團股份有限公司**  
**BEIJING JINGKELONG COMPANY LIMITED\***  
*(a joint stock limited company incorporated in the People's Republic of China)*  
**(Stock Code: 814)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board of directors (the “**Board**”) of Beijing Jingkelong Company Limited (the “**Company**” or “**Jingkelong**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”). The unaudited consolidated results have been reviewed by the auditors, Da Hua Certified Public Accountants (Special General Partnership) and the audit committee of the Company (the “**Audit Committee**”).

(Important notice: This announcement is published in Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.)

\* For identification purposes only

## FINANCIAL INFORMATION

### CONSOLIDATED BALANCE SHEETS

<b>Item</b>	<i>Note</i>	<b>2023.6.30</b> <b>RMB</b> <b>(unaudited)</b>	2022.12.31 <b>RMB</b> <b>(audited)</b>
<b>Current assets:</b>			
Cash and bank balances		<b>1,364,836,139</b>	890,618,687
Notes receivable		–	1,004,300
Accounts receivable	4	<b>978,434,547</b>	1,014,114,292
Prepayments		<b>703,646,272</b>	1,022,670,499
Other receivables		<b>205,599,406</b>	169,850,426
Inventories		<b>1,555,452,398</b>	1,596,827,988
Other current assets		<b>166,803,734</b>	169,238,077
<b>Total current assets</b>		<b><u>4,974,772,496</u></b>	<b><u>4,864,324,269</u></b>
<b>Non-current assets:</b>			
Other equity instrument investment		<b>43,000,000</b>	43,000,000
Other non-current financial assets		<b>67,162,674</b>	72,026,699
Investment properties		<b>148,543,458</b>	152,842,214
Fixed assets		<b>759,542,506</b>	786,775,909
Construction in progress		<b>104,940,492</b>	110,406,206
Right-of-use assets		<b>709,914,217</b>	763,621,890
Intangible assets		<b>269,293,514</b>	274,403,617
Goodwill		<b>86,673,788</b>	86,673,788
Long-term prepaid expenses		<b>156,643,425</b>	176,114,532
Deferred tax assets		<b>22,789,754</b>	28,871,986
Other non-current assets		<b>124,985,575</b>	134,553,384
<b>Total non-current assets</b>		<b><u>2,493,489,403</u></b>	<b><u>2,629,290,225</u></b>
<b>TOTAL ASSETS</b>		<b><u>7,468,261,899</u></b>	<b><u>7,493,614,494</u></b>

Item	Note	2023.6.30 RMB (unaudited)	2022.12.31 RMB (audited)
<b>Current liabilities:</b>			
Short-term borrowings		2,707,395,509	2,213,490,330
Notes payable	5	699,593,466	846,578,955
Accounts payable	5	639,081,729	857,203,456
Advances from customers		23,404,587	10,860,356
Contract liabilities		333,014,749	406,071,621
Payroll payable		1,614,663	1,713,302
Taxes payable		38,652,513	48,905,387
Other payables		293,692,784	199,841,555
Including: Interest payable		-	-
Dividends payable		42,564,710	6,956,028
Non-current liabilities due within one year		169,548,744	189,705,641
Other current liabilities		53,932,016	69,442,163
<b>Total current liabilities</b>		<b><u>4,959,930,760</u></b>	<b><u>4,843,812,766</u></b>
<b>Non-current liabilities:</b>			
Lease liabilities		617,503,316	670,592,637
Estimated liabilities		-	10,018,930
Deferred income		17,982,646	21,830,069
Deferred tax liabilities		15,341,198	16,465,737
<b>Total non-current liabilities</b>		<b><u>650,827,160</u></b>	<b><u>718,907,373</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>5,610,757,920</u></b>	<b><u>5,562,720,139</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		412,220,000	412,220,000
Capital reserves		605,177,454	605,177,454
Surplus reserves		169,059,880	169,059,880
Undistributed profits	6	327,471,394	376,050,511
<b>Total equity attributable to shareholders of the parent company</b>		<b><u>1,513,928,728</u></b>	<b><u>1,562,507,845</u></b>
<b>Minority interests</b>		<b><u>343,575,251</u></b>	<b><u>368,386,510</u></b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>1,857,503,979</u></b>	<b><u>1,930,894,355</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>7,468,261,899</u></b>	<b><u>7,493,614,494</u></b>

## CONSOLIDATED INCOME STATEMENT

Item	Notes	Six months ended	Six months ended
		30 June 2023	30 June 2022
		RMB	RMB
		(unaudited)	(unaudited)
<b>I. Total operating income</b>	7	<b>4,582,440,232</b>	5,332,502,257
Including: Operating income	7	<b>4,582,440,232</b>	5,332,502,257
<b>II. Total operating costs</b>		<b>4,591,022,288</b>	5,280,944,416
Including: Operating cost	7	<b>3,644,465,040</b>	4,245,279,923
Taxes and surcharges		<b>17,550,995</b>	19,692,223
Selling expenses		<b>727,822,318</b>	812,418,882
Administrative expenses		<b>143,015,831</b>	136,157,000
Financial expenses		<b>58,168,104</b>	67,396,388
Add: Other income		<b>7,215,717</b>	7,042,528
Investment income		–	1,785,996
Gains on changes in fair value		<b>(4,864,025)</b>	(8,128,666)
Impairment losses on credits		<b>(2,743,869)</b>	(5,618,133)
Gains on disposal of assets		<b>823,858</b>	527,328
<b>III. Operating profit</b>		<b>(8,150,375)</b>	47,166,894
Add: Non-operating income		<b>2,691,705</b>	2,463,804
Less: Non-operating expenses		<b>1,529,127</b>	24,878,952
<b>IV. Total profit</b>		<b>(6,987,797)</b>	24,751,746
Less: Income tax expense	8	<b>30,793,896</b>	15,172,428
<b>V. Net profit</b>		<b>(37,781,693)</b>	9,579,318
(I) Classified by business continuity			
1. Net profit from continued operations		<b>(37,781,693)</b>	9,579,318
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		<b>(48,579,117)</b>	(10,723,750)
2. Profit or loss attributable to minority interests		<b>10,797,424</b>	20,303,068

<b>Item</b>	<i>Notes</i>	<b>Six months ended 30 June 2023 RMB (unaudited)</b>	<b>Six months ended 30 June 2022 RMB (unaudited)</b>
<b>VI. Net value of other comprehensive income after tax</b>		-	-
Net value of other comprehensive income attributable to shareholders of the parent company after tax		-	-
Other comprehensive income that cannot be reclassified into profit or loss subsequently		-	-
Changes in fair value of investments in equity instruments		-	-
Net value of other comprehensive income attributable to minority of interests after tax		-	-
<b>VII. Total comprehensive income</b>		<b>(37,781,693)</b>	9,579,318
Total comprehensive income attributable to shareholders of the parent company		<b>(48,579,117)</b>	(10,723,750)
Total comprehensive income attributable to minority interests		<b>10,797,424</b>	20,303,068
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share	9	<b>(0.12)</b>	(0.03)
(I) Dilutive earnings per share		<b>N/A</b>	N/A

## NOTES:

### 1. GENERAL INFORMATION

The Company is a joint stock limited company incorporated in the People's Republic of China (the "PRC"). On 1 November 2004, with the approval by Beijing Administration for Industry and Commerce (北京市工商局), the Company was transformed from Beijing Jingkelong Supermarket Chain Group Limited ("Beijing Jingkelong Supermarket Chain Company Limited" before renamed). The registered capital of the Company is RMB412,220,000. The Company's unified social credit code is 91110000101782670P. The registered office and the principal place of business of the Company are located at Block No. 45, Xinyuan Street, Chaoyang District, Beijing. The Group is principally engaged in the retail and wholesale distribution of daily consumer products.

On 25 September 2006, the H shares issued by the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("SEHK"). On 26 February 2008, all the H shares were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares as at 30 June 2023.

The controlling shareholder of the Company is Beijing Chaofu State-owned Assets Administration Company Limited ("Chaofu", formerly known as "Beijing Chaoyang Auxiliary Food Company").

### 2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The financial statements are presented on a going concern basis. The financial statements are prepared based on the actual transactions and events and in accordance with "Accounting Standards for Business Enterprises – Basic Standard" (issued by Ministry of Finance Order No.33 and revised by Ministry of Finance Order No.76), specific accounting standards, implementation guidelines and explanations of enterprise accounting standards and other relevant provisions issued on 15 February 2006 and those updated afterwards (hereafter collectively referred to as "ASBE"), and the disclosure requirements of Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In accordance with Accounting Standards for Business Enterprises, the Group has adopted the accrual basis of accounting. Except for certain financial instruments, the Company adopts the historical cost as the principle of measurement in the financial statements. When assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

### 3. CHANGES IN ACCOUNTING POLICIES

#### Content and reasons for changes in accounting policies

Note

The Company has implemented the Accounting Standards for Business Enterprises Interpretation No. 16 “The accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions is not applicable to the initial recognition exemption” from 1 January 2023, which was issued by the Ministry of Finance in 2022.

(1)

Explanation of changes in accounting policies:

#### (1) The impact of implementing Interpretation No. 16 (as defined below) of the Accounting Standards for Business Enterprises on the Company

On 30 November 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Business Enterprises (CaiKuai [2022] No. 31, hereinafter referred to as “**Interpretation No. 16**”). Interpretation No. 16 “The accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions is not applicable to the initial recognition exemption” has been implemented from 1 January 2023, which allows companies to implement ahead of schedule from the year of release. The Company has implemented the accounting treatment on this matter in this year.

For the lease liabilities and right-of-use assets recognized at the beginning of the earliest period of financial statement presentation in the first implementation of Interpretation No. 16 (i.e. 1 January 2022) due to the application of Interpretation No. 16 single transactions, as well as the estimated liabilities and corresponding assets related to disposal obligations recognized, which generate taxable temporary differences and deductible temporary differences, the Company shall comply with the provisions of Interpretation No. 16 and Enterprise Accounting Standards No. 18 - Income Tax and adjust the retained earnings and other related financial statement items at the beginning of the earliest period (i.e. 1 January 2022) in the financial statements by the accumulated impact amount.

According to the relevant provisions of Interpretation No. 16, the cumulative impact of the Company on financial statement related items is adjusted as follows:

Item	2022.1.1 Amount before adjustment RMB	Accumulated impact amount RMB	2022.1.1 Amount after adjustment RMB
Undistributed profits	487,060,672	2,152,119	489,212,791
Minority interest	393,255,538	806,736	394,062,274

For the lease liabilities and right-of-use assets recognized for individual transactions that occurred between the beginning of the financial statement presentation period (i.e. 1 January 2022) and the implementation date (1 January 2023) during which this interpretation was first implemented, as well as the estimated liabilities and corresponding assets related to the disposal obligation recognized, the Company shall handle them in accordance with the provisions of Interpretation 16.

According to the provisions of Interpretation No. 16, the Company has adjusted the relevant items on the balance sheet as follows:

<b>Balance sheet item</b>	<b>2022.12.31</b>		
	<b>Before</b>	<b>Accumulated impact amount</b>	<b>After</b>
		<i>RMB</i>	
Deferred tax assets	22,347,534	6,524,452	28,871,986
Deferred tax liabilities	16,278,917	186,820	16,465,737
Undistributed profits	370,378,977	5,671,534	376,050,511
Minority interests	367,720,412	666,098	368,386,510

According to the provisions of Interpretation No. 16, the Company has adjusted the relevant items in the income statement as follows:

<b>Income statement item</b>	<b>Six months ended 30 June 2022 (unaudited)</b>		
	<b>Before</b>	<b>Accumulated impact amount</b>	<b>After</b>
		<i>RMB</i>	
Income tax expense	19,286,537	(4,114,109)	15,172,428
Net profit attributable to shareholders of the parent company	(14,398,632)	3,674,882	(10,723,750)
Profit or loss attributable to minority interests	19,863,841	439,227	20,303,068

#### 4. ACCOUNTS RECEIVABLE

<b>Aging</b>	<b>2023.6.30 (unaudited)</b>			
	<b>Carrying Amount</b>	<b>Proportion%</b>	<b>Credit loss allowance</b>	<b>Net book value</b>
			<i>RMB</i>	
Within 1 year	933,666,979	90	–	933,666,979
1-2 years	29,062,798	3	871,883	28,190,915
2-3 years	9,889,549	1	990,976	8,898,573
3-4 years	5,159,312	1	1,730,994	3,428,318
4-5 years	10,649,789	1	6,400,027	4,249,762
Over 5 years	40,130,760	4	40,130,760	–
Total	<u>1,028,559,187</u>	<u>100</u>	<u>50,124,640</u>	<u>978,434,547</u>



## 5. NOTES AND ACCOUNTS PAYABLE

<b>Item</b>	<b>2023.6.30</b> <i>RMB</i> <b>(unaudited)</b>	2022.12.31 <i>RMB</i> (audited)
Notes Payable	<b>699,593,466</b>	846,578,955
Accounts Payable	<b>639,081,729</b>	857,203,456
<b>Total</b>	<b><u>1,338,675,195</u></b>	<b><u>1,703,782,411</u></b>

As at 30 June 2023, security deposit for the issuance of bank acceptances above amounted to RMB124,753,957 (31 December 2022: RMB155,300,026).

All of the bank acceptances of the Group will be due within one year.

The aging analysis of the accounts payable based on the transaction date is as follows:

<b>Item</b>	<b>2023.6.30</b> <i>RMB</i> <b>(unaudited)</b>	2022.12.31 <i>RMB</i> (audited)
Within 1 year	<b>602,385,167</b>	830,347,926
1 to 2 years	<b>22,448,755</b>	8,037,613
2 to 3 years	<b>4,623,900</b>	7,459,344
Above 3 years	<b>9,623,907</b>	11,358,573
<b>Total</b>	<b><u>639,081,729</u></b>	<b><u>857,203,456</u></b>

The majority of accounts payable aging over one year consist of the final payments for suppliers.

## 6. UNDISTRIBUTED PROFITS

<b>Item</b>	<b>Six months ended</b> <b>30 June 2023</b> <i>RMB</i> <b>(unaudited)</b>	Six months ended 30 June 2022 <i>RMB</i> (unaudited)
Undistributed profits at the beginning of year before adjustment	<b>376,050,511</b>	487,060,672
Adjustment of the total undistributed profits at the beginning of the year	–	2,152,119
Undistributed profits at the beginning of year after adjustment	<b>376,050,511</b>	489,212,791
Add: Net profit attributable to the shareholders of the parent company for the period	<b>(48,579,117)</b>	(10,723,750)
Less: Ordinary shares' dividends payable	–	20,611,000
<b>Undistributed profit at the end of the period</b>	<b><u>327,471,394</u></b>	<b><u>457,878,041</u></b>

## Dividend

A final dividend of RMB0 per share, in respect of year ended 31 December 2022 (the last corresponding period: RMB0.05 per share in respect of the year ended 31 December 2021) was declared and paid to the shareholders of the Company, the aggregated amount of the final dividend declared and paid was RMB0 (the last corresponding period: RMB20,611,000).

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2023 (the last corresponding period: nil).

## 7. OPERATING INCOME AND OPERATING COST

### (1) Operating income and operating cost

Item	Six months ended 30 June 2023 RMB (unaudited)		Six months ended 30 June 2022 RMB (unaudited)	
	Income	Cost	Income	Cost
Principal operating	4,141,055,856	3,629,579,404	4,866,000,697	4,234,465,952
Other operating	<u>441,384,376</u>	<u>14,885,636</u>	<u>466,501,560</u>	<u>10,813,971</u>
Total	<u><u>4,582,440,232</u></u>	<u><u>3,644,465,040</u></u>	<u><u>5,332,502,257</u></u>	<u><u>4,245,279,923</u></u>

### (2) Principal operating activities(classified by industry segments)

Item	Six months ended 30 June 2023 RMB (unaudited)		Six months ended 30 June 2022 RMB (unaudited)	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Retail	1,597,403,595	1,363,164,412	1,788,526,692	1,487,279,100
Wholesale	2,532,098,310	2,259,710,687	3,071,446,723	2,742,771,362
Others	<u>11,553,951</u>	<u>6,704,305</u>	<u>6,027,282</u>	<u>4,415,490</u>
Total	<u><u>4,141,055,856</u></u>	<u><u>3,629,579,404</u></u>	<u><u>4,866,000,697</u></u>	<u><u>4,234,465,952</u></u>

The principal operating income mainly consists of selling food, non-staple food, daily consumer goods, beverages and wines etc.

## 8. INCOME TAX EXPENSE

<b>Item</b>	<b>Six months ended 30 June 2023 RMB (unaudited)</b>	Six months ended 30 June 2022 RMB (unaudited)
Current income tax expense	25,836,208	22,067,307
Deferred income tax expense	<u>4,957,688</u>	<u>(6,894,879)</u>
Total	<u><u>30,793,896</u></u>	<u><u>15,172,428</u></u>

Reconciliation between income tax expense and accounting profit is as follows:

<b>Item</b>	<b>Six months ended 30 June 2023 RMB (unaudited)</b>	Six months ended 30 June 2022 RMB (unaudited)
Total profit	(6,987,797)	24,751,746
Income tax expenses calculated at statutory/appropriate tax rate	(1,746,949)	6,187,937
Effect of subsidiary companies to adapt different tax rates	(268,591)	69,635
Effect of adjusting the previous years' income tax	(1,738,382)	(24,724)
Effect of non-taxable income	-	-
Effect of non-deductible costs, expenses and losses	1,937,022	1,377,515
Effect of using deductible losses of previously unrecognized deferred tax assets	(429,068)	(16,268,668)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	<u>33,039,864</u>	<u>23,830,733</u>
Total	<u><u>30,793,896</u></u>	<u><u>15,172,428</u></u>

## 9. EARNINGS PER SHARE

<b>Item</b>	<b>Six months ended 30 June 2023 RMB (unaudited)</b>	Six months ended 30 June 2022 RMB (unaudited)
Net Profit for the period attributable to shareholders of the parent company	(48,579,117)	(10,723,750)
Number of ordinary shares used in the calculation of basic earnings per share	<u><u>412,220,000</u></u>	<u><u>412,220,000</u></u>

	<b>Six months ended</b>	Six months ended
	<b>30 June 2023</b>	30 June 2022
	<i>RMB</i>	<i>RMB</i>
<b>Item</b>	<b>(Unaudited)</b>	(Unaudited)

Calculated based on the net profit attributable to the shareholders of the parent company and the net profit from continuing operations attributable to the shareholders of the parent company:

Basic earnings per share	<b>(0.12)</b>	(0.03)
--------------------------	---------------	--------

#### 10. NET CURRENT ASSETS

	<b>2023.6.30</b>	2022.12.31
	<i>RMB</i>	<i>RMB</i>
<b>Item</b>	<b>(unaudited)</b>	(audited)
Current assets	<b>4,974,772,496</b>	4,864,324,269
Less: Current liabilities	<b><u>4,959,930,760</u></b>	<u>4,843,812,766</u>
Net current assets	<b><u>14,841,736</u></b>	<u>20,511,503</u>

#### 11. TOTAL ASSETS LESS CURRENT LIABILITIES

	<b>2023.6.30</b>	2022.12.31
	<i>RMB</i>	<i>RMB</i>
<b>Item</b>	<b>(unaudited)</b>	(audited)
Total assets	<b>7,468,261,899</b>	7,493,614,494
Less: Current liabilities	<b><u>4,959,930,760</u></b>	<u>4,843,812,766</u>
Total assets less current liabilities	<b><u>2,508,331,139</u></b>	<u>2,649,801,728</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

In the first half of 2023, with the comprehensive economic and social recovery, coupled with the effective implementation of a series of measures to stabilize growth and the implementation of policies to expand domestic demand and promote sales and spending by the PRC government, domestic consumption showed an accelerated recovery trend. During the Reporting Period, total retail sales of consumer goods amounted to RMB22,758.8 billion, representing a year-on-year increase of 8.2%, and the growth rate accelerated by 2.4 percentage points compared with that of the first quarter. On a quarterly basis, total retail sales of consumer goods in the second quarter increased by 10.7% year-on-year, and the growth rate accelerated by 4.9 percentage points compared with that of the first quarter. Overall, although the consumer market recovered in a relatively rapid manner in the first half of the year, and the optimization and upgrading of the consumer structure continued to progress, there is still an obvious need to improve residents' consumption power and confidence, and to further consolidate the foundation for restoring and expanding consumption. The traditional retail industry has been transforming and upgrading itself, and the Group has focused on category management, reshaping supply chain relationships and digital empowerment to deeply improve its commodities and services, in an effort to find a sustainable path of development amidst the highly competitive market environment.

### Retail Business

The Group had 140 retail outlets as at 30 June 2023, including 130 directly-operated outlets and 10 franchise-operated outlets, with total net operating area of 179,705 square metres. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2023:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	1	10	50	69	130
Franchise-operated	–	–	–	10	10
Total	<u>1</u>	<u>10</u>	<u>50</u>	<u>79</u>	<u>140</u>
Net operating area (square metres):					
Directly-operated	27,800	49,265	86,975	12,904	176,944
Franchise-operate	–	–	–	2,761	2,761
Total	<u>27,800</u>	<u>49,265</u>	<u>86,975</u>	<u>15,665</u>	<u>179,705</u>

During the Reporting Period, a supermarket was set up, whereas a supermarket and two franchise-operated convenience stores were closed due to the expiration of leases and modifications to the operation strategy.

### **Further deepening the implementation of category management**

During the Reporting Period, the Group continued to promote category management, broadened the scope of its operations, adjusted the layout and display of its stores, and focused on the introduction of quality new products. Based on an in-depth analysis of the needs of target customers, the Group positioned its development on the basis of “high price-performance ratio and high freshness”, and created a business strategy that focuses on the Group’s purposeful categories of vegetables, fruits and eggs. Through continuous exploration and practice, the adjustment of business model brought about by category management has become initially evident, and the application capability of category management has been continuously improved.

### **Improving store operation and management**

During the Reporting Period, the Group has strengthened the management and training of fresh food operation in stores in various aspects such as procurement, display, preservation, storage, loading, selling and clearing, and continuously improved its operation capability; the Group improved the environment of the stores, and based on category management, the Group completed the adjustment of display of 35 stores and the adjustment of the layout of 2 stores without closing the stores, and also completed the adjustment of the 3 Jingjie Live and Fresh Sample Stores during the Reporting Period; the Group continued to monitor the evening operations of the stores. With the concerted efforts of operations, procurement and stores, customer traffic picked up during the evening hours. In order to create a comfortable offline shopping scene and to continuously enhance the shopping experience of consumers, the Group added various convenience measures to provide customers with gloves, convenient umbrellas, convenient chairs, free ice bags and other services to continuously improve the quality of services.

### **Comprehensively improving marketing level on the basis of market**

On the basis of the market, the Group has always been committed to fully implementing the business philosophy of “commodities + services”. By exploring the depth and breadth of commodities and innovative marketing methods, we effectively combined online and offline marketing, and optimized their respective strengths to provide consumers with precise services and quality goods. The Group relied on traditional festivals, Beijing Consumption Season, the 29th anniversary of the Company and other opportunities to carry out emotional promotion, scenario promotion, corporate culture promotion and other activities to enhance brand exposure and reputation. The Group effectively combined marketing, commodities, display and promotion through learning, referencing, innovation and optimization to form a series of innovative models, so as to enhance customer experience and truly integrate “commodities + services” into marketing.

## Deepening the implementation of food safety management

To further implement food safety management, the Group has organized a number of trainings on food safety for all employees, conducted safety management throughout the entire process of qualification review, supply channels, product procurement inspection, transportation and sales, and enhanced food safety awareness of employees. The Group made concerted efforts to strictly implement various institutional requirements, constantly improve daily management mechanisms, strengthen daily supervision and inspection, and intensify hidden danger investigation, so as to effectively prevent and eliminate the occurrence of food safety accidents.

## Continuously optimizing the logistics and distribution services

During the Reporting Period, the ambient temperature distribution centre reorganized the operation process and implemented effective management measures to effectively improve the accuracy of commodity distribution; it promoted approaches to technological transformation and logistics innovation to shorten the store return cycle; it consolidated basic management, strengthened supervision and inspection of acceptance work and daily inventories, and intensified sampling inspection. It strengthened management of flow of commodities from link to link in the distribution centre, to ensure that the commodities are delivered to shops intact, and in a safe and timely manner. The fresh food distribution centre continued to strengthen the quality control management of commodities, strictly controlled quality of commodities from the perspective of “store sales”, strictly implemented commodity acceptance standards, continuously improved the familiarity of quality controllers with the acceptance standards and characteristics of commodities through training, so as to enhance the accuracy of acceptance.

## RETAIL OPERATING RESULTS

An analysis of the principal operating income contributed by the Group’s directly-operated hypermarkets, supermarkets, convenience stores and department stores is set out as follows:

	For the six months ended 30 June		
	2023	2022	Variance
	RMB’000	RMB’000	
<b>Directly-operated retail outlets:</b>			
Hypermarkets	464,025	483,924	(4.1%)
Supermarkets	1,014,946	1,153,603	(12.0%)
Convenience stores	118,430	150,367	(21.2%)
Department stores	2	633	(99.7%)
(including commissions)	2	633	(99.7%)
<b>Total retail principal operating income</b>	<b>1,597,403</b>	<b>1,788,527</b>	<b>(10.7%)</b>
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	14.7	16.8	(2.1p.p)

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 10.7% mainly due to the following reasons: (i) consumers generally made purchases and stocked up and maintained larger amount of daily necessities as reserves and reduced the frequency of dining out for the six months ended 30 June 2022 due to the impact of the COVID-19 pandemic, which led to the growth of 6.35% in the same-store sales, whereas during the six months ended 30 June 2023, as domestic social and economic activities began to return to normalcy (including the recovery of consumption in the catering industry), it brought about a decline in customer flow in the stores of the Group, resulting in a decline in store sales compared with the corresponding period in 2022 with the same-store sales fell by about 14.10%; and (ii) since the beginning of 2022, five supermarkets and 18 convenience stores have been closed due to reasons such as lease expiry or adjustment of business strategy, resulting in a decrease in retail sales compared to the corresponding period in 2022.

During the Reporting Period, gross profit margin of the directly-operated retail business (excluding department stores) decreased from 16.8% of the last corresponding period to 14.7%, mainly due to a decrease in promotional activities of the Group's retail business in the same period last year. During the Reporting Period, the economy began to return to normalcy, and the retail business increased market promotional activities.

## **WHOLESALE BUSINESS**

### **Continuously promoting the healthy development of business**

During the Reporting Period, the Group continuously implemented the business philosophy of “commodities + services”, continuously optimized the business structure, accelerated the intragroup resource sharing, scientifically planned the annual marketing event proposals; the Group steadily developed its own brands, introduced marketable categories and potential quality products, proactively promoted the distribution direction of all categories of products, and continuously expanded the business scope; the Group continuously deepened the channel resources, strengthened the deep cooperation with core suppliers, and improved the profitability of the Group; on the basis of consolidating existing channels, the Group vigorously developed new supply chain cooperation such as group procurement; and the Group continuously promoted the e-commerce platform business, procured the integration of online and offline businesses, and increased the market share of the wholesale business.

### **Continuously improving the logistics service level**

During the Reporting Period, the Group continuously strengthened the logistics management, promoted the visual operation of transportation and distribution, and further enhanced the centralized control of the transportation business of warehouses; the Group continuously enhanced the comprehensive management ability of the logistics warehouses, rationally allocated the commodity storage in the warehouse area, improved the utilization rate of the warehouse area; and the Group continuously improved the logistics service capacity, developed the “one for delivery (一件代發)” business, accelerated the cooperation of e-commerce warehouse projects, integrated multiple resources, highlighted the logistics value-added service and promoted the comprehensive development of logistics service.



## WHOLESALE OPERATING RESULTS

The wholesale principal operating income and gross profit margin are set out as follows:

	For the six months ended 30 June		
	2023 RMB'000	2022 RMB'000	Variance
Principal operating income recognised by Chaopi Group*	2,703,325	3,267,641	(17.3%)
Less: Intersegment sales	(171,227)	(197,260)	(13.2%)
Sales to franchisees	—	1,066	(100.0%)
Consolidated wholesale principal operating income	<u>2,532,098</u>	<u>3,071,447</u>	<u>(17.6%)</u>
Gross profit margin <sup>**</sup> (%)	<u>10.0</u>	<u>10.1</u>	<u>(0.1p.p)</u>

\* *Chaopi Group represents Beijing Chaopi Trading Company Limited (the “Chaopi Trading”) and its subsidiaries.*

\*\* *This represents gross profit margin recognised by Chaopi Group including intersegment sales.*

During the Reporting Period, the wholesale principal operating income decreased by 17.6%, which was mainly due to the following reasons: (i) sales of wine decreased as compared with the corresponding period in 2022 due to a contraction in supply and lower market prices of wines; and (ii) during the Reporting Period, as the domestic social and economic activities began to return to normalcy (including the recovery of consumption in the catering industry), it brought about a decline in orders of goods such as grain, and oil and seasoning products in the wholesale business.

The gross profit margin of Chaopi Group decreased slightly from approximately 10.1% in the corresponding period in 2022 to approximately 10.0% in the Reporting Period, which remained stable.

## FINANCIAL RESULTS

	For the six months ended 30 June		
	2023	2022	Variance
	<i>RMB'000</i>	<i>RMB'000</i>	
Principal operating income	<b>4,141,056</b>	4,866,001	(14.9%)
Gross profit	<b>511,476</b>	631,535	(19.0%)
Gross profit margin(%)	<b>12.4%</b>	13.0%	(0.6 p.p)
Earnings before interest and tax	<b>49,948</b>	92,922	(46.2%)
Net profit	<b>(37,782)</b>	9,579	(494.4%)
Net profit margin(%)	<b>(0.9%)</b>	0.2%	(1.1 p.p)
Net profit attributable to shareholders of the parent company	<b>(48,579)</b>	(10,724)	(353.0%)
Net profit margin attributable to shareholders of the parent company (%)	<b><u>(1.2%)</u></b>	<b><u>(0.2%)</u></b>	<b><u>(1.0 p.p)</u></b>

### PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income decreased by approximately 14.9%, of which retail principal operating income decreased by approximately 10.7%, and wholesale principal operating income decreased by approximately 17.6%.

### GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group decreased by approximately 19.0% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 12.4% (last corresponding period: 13.0%).

### NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

During the Reporting Period, net profit attributable to shareholders of the parent company decreased by approximately 353.0%, from a net loss of RMB10,723,750 in the last corresponding period to a net loss of RMB48,579,117 in the Reporting Period, which was mainly due to : (i) consumers generally made purchases and stocked up and maintained larger amount of daily necessities as reserves and reduced the frequency of dining out for the six months ended 30 June 2022 due to the impact of the COVID-19 pandemic, which led to the growth in sales for the supermarket business, whereas during the six months ended 30 June 2023, as domestic social and economic activities began to return to normalcy (including the recovery of consumption in the catering industry), it brought about a decline in customer flow in the stores of the Group, resulting in a decline in store sales compared with the corresponding period in 2022 and a decline in orders for goods such as grain, oil and seasoning products in the Group's upstream wholesale business (which also supplies our supermarkets); (ii) since the beginning of 2022, 5 directly-operated supermarkets and 18 directly-operated convenience stores have been closed due to lease expiry or adjustment of our business strategy, resulting in a decrease in retail sales; and (iii) sales of wine decreased as compared with the corresponding period in 2022 due to a contraction in supply and lower market prices of wines.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Reporting Period, the Group mainly financed its operations through internally generated cash flows and bank borrowings.

As at 30 June 2023, the Group had non-current assets of RMB2,493,489,403 (comprising mainly fixed assets, investment property, and land use right for a total of RMB1,155,200,462), and non-current liabilities of RMB650,827,160 (mainly comprising of leases liabilities of RMB617,503,316).

As at 30 June 2023, the Group had current assets of RMB4,974,772,496. Current assets mainly comprised of cash and cash equivalents of RMB1,217,952,182, inventories of RMB1,555,452,398, notes receivable and accounts receivable of RMB978,434,547 and prepayments and other receivables of RMB909,245,678. The Group had current liabilities of RMB4,959,930,760. Current liabilities mainly comprised of notes payable and accounts payable of RMB1,338,675,195, short term bank loans of RMB2,707,395,509, contract liabilities of RMB333,014,749, and other payables of RMB293,692,784.

## **INDEBTEDNESS AND PLEDGE OF ASSETS**

As at 30 June 2023, the Group had bank loans of RMB2,707,395,509, which consisted of accounts receivable factored bank loans of RMB7,999,551, unsecured bank loans of RMB2,629,368,048, pledged loans of RMB70,027,910. All the Group's bank loans bear interest rates ranging from 2.80% to 6.75% per annum.

Certain of the Group's margin deposit of RMB124,753,957 were pledged for notes payable of RMB699,593,466 as at 30 June 2023.

The Group's gearing ratio\* was approximately 75.1% as at 30 June 2023, which was slightly higher than approximately 74.0% in the last corresponding period.

\* *Represented by: Total Liabilities/Total Assets*

## **FOREIGN CURRENCY RISK**

The Group's operating revenues and expenditures are principally denominated in Renminbi.

During the Reporting Period, the Group did not encounter any material effect on its operations or liquidity as a result of fluctuation in currency exchange rates.

## EMPLOYEES

As at 30 June 2023, the Group employed 4,382 employees domestically (as at 30 June 2022: 4,659 employees). The total staffing costs (including directors' and supervisors' remunerations) of the Group for Reporting Period amounted to RMB365,471,997 (corresponding period of 2022: RMB355,275,406). The staff emolument (including directors' and supervisors' emoluments) of the Group are based on position, duty, experience, performance and market rates, in order to maintain their remunerations at a competitive level.

## CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities.

## LITIGATION

In 2002, the Company entered into a land acquisition and compensation agreement with the People's Government of Guanzhuang Township, Chaoyang District, Beijing\* (北京市朝陽區管莊鄉人民政府) (the "**Guanzhuang Township Government**"), pursuant to which the Guanzhuang Township Government transferred 243.71 unit of area (in mu) of collective land under the jurisdiction of Guanzhuang Township Government to the Company for the construction of a distribution and fresh food processing center, and the Company shall pay the total compensation of RMB60,440,000 to the Guanzhuang Township Government. On 13 November 2006, the Company and the Guanzhuang Township Government entered into a supplementary agreement in respect of the above land transfer, and the Guanzhuang Township Government increased the compensation to RMB97,484,000. On 20 November 2006, the Company entered into a supplementary agreement with the Guanzhuang Township Government and the Guanzhuang Agricultural, Industrial and Commercial Joint Corporation of Chaoyang District, Beijing\* (北京市朝陽區管莊農工商聯合公司) (the "**AICC**") in respect of the above land transfer matters, and the Guanzhuang Township Government authorized the AICC to collect compensation. Upon the signing of the above agreements, the Company has paid a total compensation of RMB45,132,000 to Guanzhuang Township Government and the AICC. Due to the change of planned use and other reasons, the contract purpose of the Company (i.e construction of distribution and fresh food processing center) cannot be fulfilled, and the above agreements cannot be continued to perform. In order to recover the compensation paid and safeguard the legal rights of the Company, the Company filed a lawsuit with the Beijing Chaoyang District People's Court\* (北京市朝陽區人民法院) in July 2022, requiring that the land compensation agreement and supplementary agreement entered into with the Guanzhuang Township Government be held invalid, and requiring the Guanzhuang Township Government and AICC to return the compensation fee of RMB45,132,000 and related interest during the period of their retention of the compensation fee. The Company has returned the land to Guanzhuang Township Government on 24 November 2022. As at the date of this announcement, the Company has through legal means required to confirm the nullification of the above land compensation agreement and supplementary agreement, and require Guanzhuang Township Government and AICC to return the above-mentioned compensation, and the legal proceedings are still in progress.

## OUTLOOK

In the second half of 2023, the Group will further boost consumer confidence and release customers' shopping demand. The Group will continue to focus on "commodities + services" to provide better commodities and better services.

In terms of retail business, the Group will deepen the development of the targeted categories and formulate the category strategy on the basis of customer's demand; enrich the varieties of freshly made products in the stores, create the hustle and bustle of outlets and enhance the customer attraction ability of stores; and the Group will accelerate the improvement of the operation ability, and continuously strengthen the headquarter construction through collaborative office platform so as to build the service-oriented headquarter. The Group will further implement the digital transformation and constantly improve the Company's intelligent management level.

In terms of wholesale business, the Group will continue to adhere to the high-quality development as the main line, vigorously develop joint authorized products, promote the in-depth cooperation with core suppliers and major brands; and the Group will continue to enhance the efficiency and level of logistics operation, broaden the scope of logistics business, and advance the high-quality development of the Group.

## EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, save as disclosed in this announcement, no other important events affecting the operation and financial performance of the Group significantly have occurred after the Reporting Period.

## OTHER INFORMATION

### Corporate Governance

In the opinion of the directors, the Company has applied the principles of and complied with all the code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") during the Reporting Period, save for the directors' retirement by rotation as set out below.

Code provision B.2.2 of part 2 of the Corporate Governance 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 Company's Articles of Association stipulates that each director shall be elected by the general meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Having taken into account the continuity of the Group's operation and management policies, the Company's Articles of Association contain no express provision for the directors' retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

## **Director's Securities Transactions**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules. Having made specific enquiries with all directors, all the directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code and the code of conduct regarding their securities transactions throughout the Reporting Period.

## **Audit Committee**

The Audit Committee together with the management of the Company and the independent auditor have considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting, including the review of the Group's 2023 unaudited interim consolidated results. The Audit Committee considered that this interim results announcement for the six months ended 30 June 2023 was in compliance with the relevant accounting standards, requirements of the Stock Exchange and the Laws of Hong Kong, and appropriate disclosures have been made.

## **Disclosure of Interests**

### ***Directors', Supervisors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures***

As at 30 June 2023, the interests and positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company and 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 interests or short positions which were taken 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 set out in Appendix 10 of the Listing Rules, were as follows:

### *Long positions in the domestic shares of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of domestic shares held</b>	<b>Approximate percentage of total issued domestic shares (%)</b>	<b>Approximate percentage of total issued shares (%)</b>
Zhang Liwei	Personal	400,100	0.17	0.10
Wang Hong	Personal	186,696	0.08	0.05
Li Chunyan	Personal	505,992	0.22	0.12
Li Shenlin	Personal	430,100	0.18	0.10
Li Jianwen	Personal	2,022,579	0.88	0.49
Yang Baoqun	Personal	1,042,086	0.45	0.25
Niu Hongyan	Personal	70,000	0.03	0.02
Li Chunyi	Personal	50,000	0.02	0.01

Save as disclosed above, as at 30 June 2023, none of the directors, supervisors or chief executive of the Company nor any of their associates had any interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 interests or short positions which they were taken 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 set out in Appendix 10 of the Listing Rules.

### **Substantial Shareholders**

As at 30 June 2023, so far as is known to the directors, supervisors or chief executive of the Company, the persons (other than a director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:



*Long positions in the domestic shares of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of domestic shares held</b>	<b>Approximate percentage of total issued domestic shares (%)</b>	<b>Approximate percentage of total issued shares (%)</b>
Beijing Chaofu State-owned Assets Administration Company Limited*	Beneficial owner	167,409,808	72.77	40.61

\* Formerly known as “Beijing Chaoyang Auxiliary Food Company”.

*Long positions in the H shares of the Company*

<b>Name</b>	<b>Total number of H shares held</b>	<b>Approximate percentage of total issued H shares (%)</b>	<b>Approximate percentage of total issued shares (%)</b>
China Galaxy International Asset Management (Hong Kong) Co., Limited (Note 1)	24,970,000(L)	13.71	6.06
China Galaxy International SPC (acting for and on behalf of China Galaxy Value Fund I SP) (Note 2)	24,970,000(L)	13.71	6.06

(L) – Long Position

Note:

1. These 24,970,000 H shares were held by China Galaxy International Asset Management (Hong Kong) Co., Limited in its capacity as an investment manager.
2. These 24,970,000 H shares were held by China Galaxy International SPC (acting for and on behalf of China Galaxy Value Fund I SP) in its capacity as an investment manager.



Save as disclosed above, as far as is known to the directors, supervisors or chief executive of the Company, as at 30 June 2023, no other persons (not being a director, supervisor or chief executive of the Company) had, or were deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

By Order of the Board  
**Beijing Jingkelong Company Limited**  
**Zhang Liwei**  
*Chairman*

Beijing, PRC  
24 August 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Liwei, Ms. Wang Hong, Ms. Li Chunyan and Mr. Li Shenlin; the non-executive directors are Mr. Li Jianwen and Ms. Zhang Yan; and the independent non-executive directors are Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat.*