

*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 2021**

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 2021 (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 purpose only

## FINANCIAL INFORMATION

### CONSOLIDATED BALANCE SHEET

Item	<i>Notes</i>	2021.6.30 <i>RMB</i> (unaudited)	2020.12.31 <i>RMB</i> (audited)
<b>Current assets:</b>			
Cash and bank balances		1,191,700,121	1,190,302,319
Notes receivable		63,866	6,617,315
Accounts receivable	3	1,184,685,766	975,479,676
Prepayments		788,127,819	890,477,970
Other receivables		204,833,392	200,158,379
Inventories		1,282,449,256	1,503,939,573
Other current assets		<u>142,700,467</u>	<u>129,005,227</u>
<b>Total current assets</b>		<b><u>4,794,560,687</u></b>	<b><u>4,895,980,459</u></b>
<b>Non-current assets:</b>			
Other non-current financial assets		155,380,423	131,508,869
Investment properties		165,878,353	170,223,635
Fixed assets		818,436,841	854,541,694
Construction in progress		152,813,150	138,005,745
Right-of-use assets		1,007,892,785	1,008,151,388
Intangible assets		272,223,171	280,216,222
Goodwill		86,673,788	86,673,788
Long-term prepaid expenses		269,130,685	298,550,451
Deferred tax assets		22,330,512	20,880,124
Other non-current assets		<u>190,062,715</u>	<u>183,899,094</u>
<b>Total non-current assets</b>		<b><u>3,140,822,423</u></b>	<b><u>3,172,651,010</u></b>
<b>TOTAL ASSETS</b>		<b><u>7,935,383,110</u></b>	<b><u>8,068,631,469</u></b>

Item	Notes	2021.6.30 RMB (unaudited)	2020.12.31 RMB (audited)
<b>Current liabilities:</b>			
Short-term borrowings		2,188,140,142	2,334,237,881
Notes payable	4	542,670,559	449,442,574
Accounts payables	4	791,336,713	720,957,209
Payments received in advance		8,333,039	7,094,294
Contract liabilities		302,940,462	462,447,201
Payroll payable		1,746,920	1,621,215
Taxes payable		59,327,752	46,799,947
Other payables		300,119,879	264,625,097
Including: Interest payable		-	-
Dividends payable		61,878,958	6,389,222
Non-current liabilities due within one year		161,607,514	158,537,320
Other current liabilities		59,124,660	65,877,283
<b>Total current liabilities</b>		<b><u>4,415,347,640</u></b>	<b><u>4,511,640,021</u></b>
<b>Non-current liabilities:</b>			
Bonds payable		410,710,260	402,932,044
Leases liabilities		913,806,850	911,131,824
Deferred income		29,501,613	34,039,487
Deferred tax liabilities		36,453,240	30,427,271
<b>Total non-current liabilities</b>		<b><u>1,390,471,963</u></b>	<b><u>1,378,530,626</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>5,805,819,603</u></b>	<b><u>5,890,170,647</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		412,220,000	412,220,000
Capital reserves		605,043,091	605,043,091
Other comprehensive income		309,414	309,414
Surplus reserves		169,059,880	169,059,880
Undistributed profits	5	550,625,123	565,257,886
<b>Total equity attributable to shareholders of the parent company</b>		<b><u>1,737,257,508</u></b>	<b><u>1,751,890,271</u></b>
<b>Minority interests</b>		<b><u>392,305,999</u></b>	<b><u>426,570,551</u></b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>2,129,563,507</u></b>	<b><u>2,178,460,822</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>7,935,383,110</u></b>	<b><u>8,068,631,469</u></b>

## CONSOLIDATED INCOME STATEMENT

Item	Notes	Six months ended	Six months ended
		30 June 2021	30 June 2020
		RMB	RMB
		(unaudited)	(unaudited)
<b>I. Total operating income</b>	6	<b>5,847,335,159</b>	6,209,873,235
Including: operating income		<b>5,847,335,159</b>	6,209,873,235
<b>II. Total operating costs</b>	6	<b>5,807,988,298</b>	6,150,599,227
Including: Operating cost		<b>4,761,064,778</b>	5,046,528,398
Taxes and surcharges		<b>22,166,395</b>	24,040,864
Selling expenses		<b>810,606,731</b>	861,249,558
Administrative expenses		<b>139,213,617</b>	126,634,713
Financial expenses		<b>74,936,777</b>	92,145,694
Add: Other income		<b>9,932,702</b>	8,415,934
Investment income		–	33,984
Gains on changes in fair value		<b>23,871,554</b>	23,545,663
Impairment losses on credits		<b>(4,814,126)</b>	(6,799,051)
Gains on disposal of assets		<b>2,493,194</b>	(78,929)
<b>III. Operating profit</b>		<b>70,830,185</b>	84,391,609
Add: Non-operating income		<b>8,743,744</b>	3,609,652
Less: Non-operating expenses		<b>9,833,272</b>	3,061,528
<b>IV. Total profit</b>		<b>69,740,657</b>	84,939,733
Less: Income tax expense	7	<b>27,132,507</b>	35,696,776

Item	Notes	Six months ended	Six months ended
		30 June 2021	30 June 2020
		RMB	RMB
		(unaudited)	(unaudited)
<b>V. Net profit</b>		<b>42,608,150</b>	49,242,957
(I) Classified by business continuity			
1. Net profit from continued operations		<b>42,608,150</b>	49,242,957
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		<b>26,589,237</b>	36,169,475
2. Profit or loss attributable to minority interests		<b>16,018,913</b>	13,073,482
<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 which can be reclassified into profit or loss subsequently		–	–
1. Gains or losses from changes in fair value of available-for-sale financial assets		–	–
2. Translation differences of financial statements denominated in foreign currencies		–	–
Net value of other comprehensive income attributable to minority of interests after tax		–	–
<b>VII. Total comprehensive income</b>		<b>42,608,150</b>	49,242,957
Total comprehensive income attributable to shareholders of the parent company		<b>26,589,237</b>	36,169,475
Total comprehensive income attributable to minority interests		<b>16,018,913</b>	13,073,482
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share	8	<b>0.06</b>	0.09
(II) 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 2021.

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), 42 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. ACCOUNTS RECEIVABLE**

Aging	Carrying amount	Proportion %	2021.6.30	
			Credit loss allowance	Net book value
Within 1 year	1,122,004,606	92	2,247	1,122,002,359
1-2 years	32,931,024	3	1,541,649	31,389,375
2-3 years	16,364,206	1	1,853,345	14,510,861
3-4 years	6,407,278	1	1,619,118	4,788,160
4-5 years	23,990,023	2	11,995,012	11,995,011
Over 5 years	16,925,587	1	16,925,587	–
Total	<u>1,218,622,724</u>	<u>100</u>	<u>33,936,958</u>	<u>1,184,685,766</u>

#### 4. NOTES AND ACCOUNTS PAYABLE

<b>Item</b>	<b>2021.6.30</b> <i>RMB</i> <b>(unaudited)</b>	2020.12.31 <i>RMB</i> (audited)
Notes payable	<b>542,670,559</b>	449,442,574
Accounts payable	<b>791,336,713</b>	720,957,209
<b>Total</b>	<b><u>1,334,007,272</u></b>	<b><u>1,170,399,783</u></b>

As at 30 June 2021, security deposit for the issuance of bank acceptances above amounted to RMB98,942,305 (31 December 2020: RMB116,101,904).

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>2021.6.30</b> <i>RMB</i> <b>(unaudited)</b>	2020.12.31 <i>RMB</i> (audited)
Within 1 year	<b>762,952,235</b>	682,836,542
1 to 2 years	<b>16,435,101</b>	23,355,999
2 to 3 years	<b>3,697,202</b>	6,533,160
Above 3 years	<b>8,252,175</b>	8,231,508
<b>Total</b>	<b><u>791,336,713</u></b>	<b><u>720,957,209</u></b>

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

#### 5. UNDISTRIBUTED PROFITS

<b>Item</b>	<b>Six months ended</b> <b>30 June 2021</b> <i>RMB</i> <b>(unaudited)</b>	Six months ended 30 June 2020 <i>RMB</i> (unaudited)
Undistributed profits at the beginning of the period	<b>565,257,886</b>	550,263,661
Add: Net profit attributable to the shareholders of the parent company for the period	<b>26,589,237</b>	36,169,475
Less: Appropriation to statutory surplus reserve	-	-
Ordinary shares' dividends payable	<b>41,222,000</b>	32,977,600
<b>Undistributed profits at the end of the period</b>	<b><u>550,625,123</u></b>	<b><u>553,455,536</u></b>

## Dividend

A final dividend of RMB0.10 per share, in respect of the year ended 31 December 2020 (the previous corresponding period: RMB0.08 per share in respect of the year ended 31 December 2019) was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB41,222,000 for the year ended 31 December 2020 (the previous corresponding period: RMB32,977,600).

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2021 (the previous corresponding period: 0).

## 6. OPERATING INCOME AND OPERATING COST

### (1) Operating income and operating cost

Item	Six months ended 30 June 2021 RMB (unaudited)		Six months ended 30 June 2020 RMB (unaudited)	
	Income	Cost	Income	Cost
Principal operating	5,335,018,709	4,739,275,797	5,770,534,248	5,040,606,442
Other operating	<u>512,316,450</u>	<u>21,788,981</u>	<u>439,338,987</u>	<u>5,921,956</u>
Total	<u><u>5,847,335,159</u></u>	<u><u>4,761,064,778</u></u>	<u><u>6,209,873,235</u></u>	<u><u>5,046,528,398</u></u>

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

Item	Six months ended 30 June 2021 RMB (unaudited)		Six months ended 30 June 2020 RMB (unaudited)	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Retail	1,721,475,446	1,419,119,672	2,512,462,026	2,082,439,042
Wholesale	3,606,510,866	3,314,666,594	3,256,160,077	2,954,621,300
Others	<u>7,032,397</u>	<u>5,489,531</u>	<u>1,912,145</u>	<u>3,546,100</u>
Total	<u><u>5,335,018,709</u></u>	<u><u>4,739,275,797</u></u>	<u><u>5,770,534,248</u></u>	<u><u>5,040,606,442</u></u>

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

*Note:* In accordance with the relevant requirements of the newly revised “Accounting Standards for Business Enterprises No. 14-Revenue” in the “Cai Kuai [2017] No. 22” when selling goods to customers, the related wholesale business transportation expenses (including: RMB67,271,083 for the six months ended 30 June 2021 and RMB66,155,945 for the six months ended 30 June 2020) incurred before the transfer of control to the customer will be reclassified from “selling expenses” to “principal operating costs”.



## 7. INCOME TAX EXPENSE

<b>Item</b>	<b>Six months ended 30 June 2021 RMB (unaudited)</b>	Six months ended 30 June 2020 RMB (unaudited)
Current income tax expense	22,556,926	42,352,147
Deferred income tax expense	<u>4,575,581</u>	<u>(6,655,371)</u>
Total	<u><u>27,132,507</u></u>	<u><u>35,696,776</u></u>

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

<b>Item</b>	<b>Six months ended 30 June 2021 (unaudited)</b>	Six months ended 30 June 2020 (unaudited)
Total profit	69,740,656	84,939,733
Income tax expenses calculated at statutory/appropriate tax rate	17,435,164	21,234,933
Effect of subsidiary companies to adapt different tax rates	681,045	151,387
Effect of adjusting the previous years' income tax	435,202	(530,133)
Effect of non-taxable income	(223,240)	(25,047,285)
Effect of non-deductible costs, expenses and losses	676,259	5,119,910
Effect of using deductible losses of previously unrecognized deferred tax assets	(16,101,221)	(81,387)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	<u>24,229,298</u>	<u>34,849,351</u>
Total	<u><u>27,132,507</u></u>	<u><u>35,696,776</u></u>

## 8. EARNINGS PER SHARE

<b>Item</b>	<b>Six months ended 30 June 2021 RMB (unaudited)</b>	Six months ended 30 June 2020 RMB (unaudited)
Net profit for the period attributable to shareholders of the parent company	26,589,237	36,169,475
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 30 June 2021 RMB (unaudited)</b>	Six months ended 30 June 2020 RMB (unaudited)
--	--	--

**Item**

Calculated based on the net profit attributable to ordinary shareholders of the parent company:

Basic earnings per share	<u>0.06</u>	<u>0.09</u>
--------------------------	-------------	-------------

**9. NET CURRENT ASSETS**

	<b>2021.6.30 RMB (unaudited)</b>	2020.12.31 RMB (audited)
--	--	--------------------------------

**Item**

Current assets	<b>4,794,560,687</b>	4,895,980,459
Less: Current liabilities	<u>4,415,347,640</u>	<u>4,511,640,021</u>

Net current assets	<u><b>379,213,047</b></u>	<u>384,340,438</u>
--------------------	---------------------------	--------------------

**10. TOTAL ASSETS LESS CURRENT LIABILITIES**

	<b>2021.6.30 RMB (unaudited)</b>	2020.12.31 RMB (audited)
--	--	--------------------------------

**Item**

Total assets	<b>7,935,383,110</b>	8,068,631,469
Less: Current liabilities	<u>4,415,347,640</u>	<u>4,511,640,021</u>

Total assets less current liabilities	<u><b>3,520,035,470</b></u>	<u>3,556,991,448</u>
---------------------------------------	-----------------------------	----------------------

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**

In the first half of 2021, the COVID-19 pandemic continued globally, and the international economic environment remained complex and volatile. Under the leadership of the PRC government, the domestic economy has continued to recover steadily, and the national economy has strengthened and improved steadily. With the steady growth of the domestic economy, the consumer price index (CPI) has shifted from a negative to a positive growth, and remained generally stable. In the first half of the year, the CPI increased by 0.5 percentage points. The growth of the consumer market remained relatively stable. The Group continued to implement normalized prevention and control requirements for the COVID-19 pandemic, and also took up the social responsibilities as a state-owned enterprise including caring for people's livelihood, guaranteeing supply and stabilizing prices. In the post-pandemic era, consumer demand has become more rational, diversified, and individualized. The Group is well aware of the consumers' demands, and adhering to the essence of retail, the Group will reshape the traditional retail scene and focus on building the core competency of its main business. Meanwhile, the Group will focus on extension of its services, and strive to bring consumers a more comprehensive, in-depth and novel shopping experience.

### **Retail Business**

#### *Further focusing on building core competency*

During the Reporting Period, the Group continued to drive its business from the perspective of consumer and, in line with consumer psychology, further accelerated channel development, expanded product categories, and introduced time-honored snacks such as "Huguosi" and "Liuquanju" to satisfy the customers' pursuit of traditional feelings. The Group continuously enriched the product line of household food, improved the product structure of instant food and Chinese food, so as to meet the needs of small families and young customers in terms of instantaneity and convenience. The Group continued to optimize the product structure, develop its own branded and customized products, and provided consumers with a more diversified and differentiated shopping experience through continuous planning and replacement of products. The Group also strengthened its supply chain management, by strengthening direct sourcing at the origin, the intermediate links are reduced, products are shipped directly from the origin, and thus price concessions can be transferred onto consumers.

### ***Abundant marketing activities and membership services to boost consumption growth***

During the Reporting Period, the Group continued to improve the visual presentation of displays. Taking traditional festivals as opportunities, the Group planned theme for its annual marketing activities, focusing on products like seasonal fresh products and dry goods, used its own APP, third-party e-commerce platforms and other various channels to carry out a series of themed promotion activities and to reach out to consumers at multiple points. The Group continued to provide care service, regularly held seminars for stores and voluntary supervisors, collected opinions from multiple parties, and was committed to improving service standards and establishing its corporate brand image. The Group comprehensively improved its membership management, and its electronic membership system has been fully launched, integrating online and offline membership rules. The Group reshaped the rights and interests of members and the membership system, established a continuous member marketing activity system through digital management, achieved precise marketing and services, and continuously improved member consumption frequency and activity.

### ***Continuous and stable growth of online business***

Relying on the advantages of resources from physical stores, the Group continuously improved online shopping experience, continuously renewed the brands of online products, and organized various types of sales promotion activities to meet the needs of online customers. During the Reporting Period, the Group continued to enrich the variety of online products, through cooperation with brand owners, the Group carried out pre-sale activities via the WeChat Mini Program in respect of products such as the New Year's Eve dinner gift boxes and Malaysian Musang King durian, through which the Group not only enriched the variety of online products, but also interacted with online consumers and increased customer stickiness. The Group promoted the use of APP for the smart logistics dispatch, and the system would automatically identify the delivery merchants with the best price, effectively reducing logistics costs. The Group strengthened its in-depth cooperation with third-party e-commerce platforms, explored sales potential through big data, and effectively increased the customer unit price and order volume with the help of brands' special offer, vigorous promotion of fresh produce, brand days and other activities.

### ***Relentless in the pursuit of food safety management***

The Group is committed to strictly strengthen food safety work, and has continuously increased food safety training, maintained the entire process of commodity circulation management, strictly controlled access to channels and commodities and strengthened the inspection of commodity. The Group maintained food safety management in aspects from staff health management, food cold chain management, shelf life management of commodities, quality ledger, purchase inspection records of purchase, etc. In the post-epidemic era, the Group strictly implemented store disinfection measures, nucleic acid testing, vaccination and normalized epidemic prevention and control measures. Moreover, the Group paid close attention to the situation of the epidemic, kept high vigilance on food safety management, adhered to the responsibility of epidemic prevention and control, and strived to ensure customers' safety when they shop in the physical stores.

### *Continuous optimization of logistics distribution efficiency relying on modern technology*

During the Reporting Period, the normal temperature distribution center continued to promote online automatic warehouse appointments made by suppliers to improve the efficiency of product acceptance; the center strengthened the management and control of key links of the logistics process, equipped transportation vehicles with electronic locks, and implemented the monitoring of the opening and closing of vehicle cargo compartments during the entire process of transportation, to improve the safety of goods in transit; the center established early digital warning management for daily goods to strengthen the management of abnormality in commodity shelf life, turnover and total inventory. The fresh food distribution center continuously improved the ordering process of fresh produce, steadily promoted the warehouse appointment for fresh produce, and realized the electronic management of fruit and vegetable orders and warehouse appointment; the center strictly controlled the implementation of the safety and sanitation standard procedures for warehouse-in, storage, warehouse-out and transportation, etc. of fresh goods as well as the management of different links of the logistics process, to ensure the safe and stable operation of logistics distribution under the normalization of the pandemic.

### *Prudently adjusting the retail network*

During the Reporting Period, the Group focused on improving the operational capability of its stores and prudently adjusted the development scale of the stores. During the Reporting Period, three directly-operated convenience stores were opened, four stores were closed (including a directly-operated supermarket, a franchise-operated supermarket, a directly-operated convenience store and a franchise-operated convenience store). In addition, the Group renovated and upgraded a supermarket.

The Group had 159 retail outlets as at 30 June 2021, including 147 directly-operated outlets and 12 franchise-operated outlets, with total net operating area of 238,366 square metres. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2021:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	1	10	54	82	147
Franchise-operated	—	—	—	12	12
Total	<u>1</u>	<u>10</u>	<u>54</u>	<u>94</u>	<u>159</u>
Net operating area (square metres):					
Directly-operated	27,800	69,011	121,713	16,548	235,072
Franchise-operated	—	—	—	3,294	3,294
Total	<u>27,800</u>	<u>69,011</u>	<u>121,713</u>	<u>19,842</u>	<u>238,366</u>

## 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:

	<b>For the six months ended</b>		
	<b>30 June</b>		
	<b>2021</b>	2020	Variance
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	
<b>Directly-operated retail outlets:</b>			
Hypermarkets	<b>472,319</b>	678,533	(30.4%)
Supermarkets	<b>1,095,781</b>	1,610,331	(32.0%)
Convenience stores	<b>146,271</b>	218,116	(32.9%)
Department stores	<b>7,104</b>	5,482	29.6%
(including commissions)	<b><u>5,291</u></b>	<u>3,872</u>	<u>36.7%</u>
<b>Total retail principal operating income</b>	<b><u><u>1,721,475</u></u></b>	<u><u>2,512,462</u></u>	<u><u>(31.5%)</u></u>
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	<b><u><u>17.3</u></u></b>	<u><u>17.0</u></u>	<u><u>0.3p.p</u></u>

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 31.5% mainly due to the following reasons: (i) a decrease in same-store sales of approximately 29.28% during the Reporting Period; (ii) sales in physical stores had grown rapidly in first half year of year 2020 due to the influence of coronavirus pandemic, but the sales performance of physical stores had been under pressure due to the impact of the online group purchases and the changes in consumer consumption habits since the second half year of 2020.

During the Reporting Period, gross profit margin of the directly-operated retail business (excluding department stores) increased to 17.3%, which remains steady when compared to 17.0% for the previous corresponding period.

## WHOLESALE BUSINESS

### *Improving the operation service and consolidating the market share*

During the Reporting Period, the Group proactively adjusted its business measures according to market changes, took initiative to expand new business models and continuously improved its service capacity on the basis of doing well in its own brand operation and strengthening cooperation with traditional e-commerce platforms. The Group continuously broadened the upstream and downstream supply chain channel resources, constantly expanded business fields and enhanced the market share by strengthening the planning and management of the supply chain brands.

### *Consolidating logistics resources and improving logistics operation advantages*

During the Reporting Period, with the advancement of operation cooperation with third-party transportation companies, the level of logistics and distribution integration, standardization and professionalism improved, realising 24-hour uninterrupted logistics and distribution services, which effectively improved the distribution efficiency and competitiveness. The Group continuously optimized the warehouse storage structure, made dynamic adjustment on the overall layout of commodities and sorting equipment in the warehouse area according to business development, improved the income generated scientifically by improving area efficiency per unit. The Group continued to promote the construction of the Fangshan automatic three-dimensional warehouse project and comprehensively improved the Group's competitive strength in the logistics market.

## WHOLESALE OPERATING RESULTS

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

	For the six months ended 30 June		
	2021	2020	Variance
	RMB'000	RMB'000	
Principal operating income recognised by			
Chaopi Group*	<b>3,804,273</b>	3,498,022	8.8%
Less: Intersegment sales	<b>(198,762)</b>	(243,519)	(18.4%)
Sales to franchisees	<b>1,000</b>	1,657	(39.6%)
Consolidated wholesale principal operating income	<b><u>3,606,511</u></b>	<u>3,256,160</u>	<u>10.8%</u>
Gross profit margin** (%)	<b><u>7.7</u></b>	<u>8.7</u>	<u>(1.0p.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 increased by 10.8%, which was mainly due to the following reasons: (i) the increased sales contribution from sales to cross-border e-commerce platforms; (ii) the increased sales from the introduction of new cooperative brand commodities.

During the Reporting Period, the gross profit margin of Chaopi Trading and its subsidiaries was 7.7%, while the gross profit margin for the last corresponding period was 8.7%, mainly because of: (i) the increase of sales promotion; (ii) the adjustment of sales promotion method in the business of sales to e-commerce platforms.

## FINANCIAL RESULTS

	For the six months ended 30 June		
	2021 RMB'000	2020 RMB'000	Variance
Principal operating income	<b>5,335,019</b>	5,770,534	(7.5%)
Gross profit	<b>595,743</b>	729,928	(18.4%)
Gross profit margin (%)	<b>11.2%</b>	12.6%	(1.4p.p)
Earnings before interest and tax	<b>149,017</b>	176,833	(15.7%)
Net profit	<b>42,608</b>	49,243	(13.5%)
Net profit margin (%)	<b>0.8%</b>	0.9%	(0.1p.p)
Net profit attributable to shareholders of the parent company	<b>26,589</b>	36,169	(26.5%)
Net profit margin attributable to shareholders of the parent company (%)	<b>0.5%</b>	0.6%	(0.1p.p)

## PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group’s principal operating income decreased by approximately 7.5%, of which retail principal operating income decreased by approximately 31.5%, and wholesale principal operating income increased by approximately 10.8%.

## GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group decreased by approximately 18.4% compared with the previous corresponding period. During the Reporting Period, the gross profit margin was 11.2% (the previous corresponding period: 12.6%).



## **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 26.5% compared with the previous corresponding period. The earnings before interest and tax amounted to approximately RMB149,017,021, representing a decrease of RMB27,816,276 compared with the previous corresponding period, and the net profit attributable to shareholders of the parent company decreased from RMB36,169,475 of the previous corresponding period to RMB26,589,237.

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 30 June 2021, the Group had non-current assets of RMB3,140,822,423 (comprising mainly fixed assets, investment property, and land use right for a total of RMB1,225,797,374), and non-current liabilities of RMB1,390,471,963 (comprising of bonds payable of RMB410,710,260).

As at 30 June 2021, the Group had current assets of RMB4,794,560,687. Current assets mainly comprised of cash and cash equivalents of RMB1,071,352,906, inventories of RMB1,282,449,256, notes receivable and accounts receivable of RMB1,184,749,632 and prepayments and other receivables of RMB992,961,211. The Group had current liabilities of RMB4,415,347,640. Current liabilities mainly comprised of notes payable and accounts payable of RMB1,334,007,272, short term bank loans of RMB2,188,140,142 and non-current liabilities due within one year of RMB161,607,514, contract liabilities of RMB302,940,462.

## **INDEBTEDNESS AND PLEDGE OF ASSETS**

As at 30 June 2020, the Group had bank loans of RMB2,188,140,142, which consisted of accounts receivable factored bank loans of RMB7,615,533, unsecured bank loans of RMB2,113,130,047, pledged loans of RMB64,347,232. All the Group's bank loans bear interest rates ranging from 1.94% to 4.35% per annum.

Certain of the Group's margin deposit of RMB98,942,305 were pledged for notes payable of RMB542,670,559 as at 30 June 2021.

The Group's gearing ratio\* was approximately 73.2% as at 30 June 2021, which was slightly lower than approximately 73.7% in the previous 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 2021, the Group employed 5,046 employees domestically (as at 30 June 2020: 5,417 employees). The total staffing costs (including directors' and supervisors' remunerations) of the Group for Reporting Period amounted to RMB372,460,621 (corresponding period of 2020: RMB376,417,985). The staff emolument (including directors' and supervisors' emoluments) of the Group are based on duty (position), experience, performance and market rates, in order to maintain their remunerations at a competitive level.

## **SPECIAL MATTER**

Jinan Chaopi Linda Trading Co., Ltd. (the "**Jinan Chaopi Company**") is a second-level subsidiary of the Group. Since its establishment, Jinan Chaopi Company's financial statements have been included in the Group's consolidation scope. There have been unresolved disputes between the minority shareholder (the "**Minority Shareholder**") (formerly the general manager of Jinan Chaopi Company) and the major shareholder, Chaopi Trading, which is a first-level subsidiary of the Group. Since November 2019, the minority shareholder refused to hand over the items and materials such as the company's business license, bank account opening permit, company seal, financial seal, financial books and vouchers, etc. Thus, the Group's consolidated financial statements for 2020 were audited with qualified opinion. Please refer to the auditor's report contained in the annual report of the Company for the year ended 31 December 2020 for details of such qualified opinion. As at the date of this announcement, as the first instance judgment and the second instance judgment were handed down by Lixia District People's Court of Jinan Municipality and Jinan Intermediate People's Court in Shandong Province, respectively, the two levels of courts dismissed Jinan Chaopi Company's claim over the return of the items and materials of Jinan Chaopi Company withheld by the Minority Shareholder. Chaopi Trading will further negotiate with the Minority Shareholder or adopt legal means in relation to the Group's acquisition of the Minority Shareholder's equity interest/the transfer of the Minority Shareholder's equity interest to third party, or the liquidation of Jinan Chaopi Company, to eliminate the relevant impact on the Group's audit work as soon as possible.

According to the financial statements for the six months ended 30 June 2021 provided by Jinan Chaopi Company, the total assets and net assets of Jinan Chaopi Company included in the Group's consolidated financial statements for the six months ended 30 June 2021 were RMB81.3655 million and RMB -8.7099 million, respectively, which accounted for 1.03% and -0.41% of the corresponding amounts in the Group's consolidated balance sheet for the six months ended 30 June 2021, respectively. The operating income and net profit of Jinan Chaopi Company included in the Group's consolidated financial statements for the six months ended 30 June 2021 were 10.8353 million and -4.6418 million respectively, which accounted for 0.19% and -10.89% of the corresponding amounts in the Group's consolidated income statement for the six months ended 30 June 2021, respectively. Considering that the financial results of Jinan Chaopi Company was relatively insignificant compared to the consolidated financial results of the Group, after discussion with the Company's auditor, the management of the Group (the "**Management**") is of the view that notwithstanding that the auditor's review scope of the Group's consolidated financial statements of the Company for the six months ended 30 June 2021 is restricted, the magnitude and materiality of the adjustment(s) or disclosure(s) that would have been made thereto without such review scope restriction on the Company's financial position are expected to be limited. Nonetheless, the Company's auditor continued to issue a qualified opinion in its review report concerning the Group's financial statements for the Reporting Period. The Audit Committee confirmed that it has reviewed and agreed with the above Management's position and relevant accounting treatment.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group did not have any significant contingent liabilities.

## **OUTLOOK**

In the second half of 2021, the continuous evolving of the global pandemic, numerous external uncertainties and the imbalanced recovery of domestic economic are expected to/will impose pressure on strengthening, stabilizing and resumption of development, and the recovery of, the consumption market. Facing the great changes in the international and domestic economic environment, the Group will continue to focus on the original vision of "commodities + services" and strive to bring more healthy and safe products to consumers. In terms of retail business, the Group will effectively improve the profitability of commodities, accelerate the introduction of new products and replacement of obsolete goods, optimize the supply chain of self-owned brand and customized commodities. The Group will continuously enrich commodity categories, implement online and offline collaborative development, with respect to the offline aspect, the Group will fill its stores with the wonderful smell of cooked and semi-prepared food, and with respect to the online aspect, the Group will continuously enrich commodity varieties, and provide new impetus for online and offline integrated development through the service and marketing functions of e-member system. In terms of wholesale business, the Group will continue to expand channel resources and strengthen digital empowerment. The Group will strengthen the effective allocation of logistics resources, improve modern logistics service capacity, and vigorously expand third-party logistics services while supporting its own business development needs.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

The Board is of the view that, from the end of the Reporting Period to the date of this announcement, the Group had no subsequent important events that may materially affect the Group's financial condition and operation.

## **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.

Provision A.4.2 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 of the continuity of the Group's operation and management policies, the Company's Articles of Association contains 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 2021 unaudited interim consolidated results. The Audit Committee considered that this interim results announcement for the six months ended 30 June 2021 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 2021, 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>
Li Jianwen	Personal	2,022,579	0.88	0.49
Zhang Liwei	Personal	400,100	0.17	0.10
Li Chunyan	Personal	505,992	0.22	0.12
Li Shenlin	Personal	430,100	0.18	0.10
Li Shunxiang	Personal	5,210,428	2.26	1.26
Yang Baoqun	Personal	1,042,086	0.45	0.25
Liu Wenyu	Personal	365,151	0.16	0.09
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 2021, 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 2021, 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 2021, 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**  
**Li Jianwen**  
*Chairman*

Beijing, PRC  
27 August 2021

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