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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 2015

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 2015 (the “**Reporting Period**”). The unaudited consolidated results have been reviewed by the auditors, Ruihua Certified Public Accountants LLP and the audit committee of the Company.

(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 SHEETS

		2015.6.30	2014.12.31
	<i>Note</i>	<i>RMB</i>	<i>RMB</i>
		(unaudited)	(audited)
Current Assets:			
Cash and bank balances		645,047,111	536,839,101
Accounts receivable	3	1,578,247,457	1,674,135,328
Prepayments		944,304,047	649,633,624
Other receivables		214,173,018	132,051,916
Inventories		1,270,842,011	1,483,886,458
Other current assets		131,416,547	289,777,639
Total current assets		4,784,030,191	4,766,324,066
Non-current assets:			
Available-for-sale financial assets		5,648,000	4,578,000
Investment properties		144,513,568	147,805,414
Fixed assets		1,128,655,393	1,181,654,479
Construction in progress		103,036,448	94,384,816
Disposal of fixed assets		331,479	—
Intangible assets		195,653,784	196,846,698
Goodwill		86,673,788	86,673,788
Long-term prepaid expenses		559,394,703	584,780,164
Deferred tax assets		29,555,047	28,051,865
Other non-current assets		160,314,219	150,403,808
Total non-current assets		2,413,776,429	2,475,179,032
TOTAL ASSETS		7,197,806,620	7,241,503,098

	<i>Notes</i>	2015.6.30 RMB (unaudited)	2014.12.31 RMB (audited)
Current Liabilities:			
Short-term borrowings		1,876,901,602	2,172,490,151
Notes payable	4	557,226,790	76,088,972
Accounts payable	4	1,008,255,753	1,150,842,260
Advance from customers		380,251,084	479,918,595
Payroll payable		2,023,173	1,935,503
Taxes payable		93,258,730	68,394,409
Dividends payable		29,700,166	5,545,226
Other payables		204,136,765	184,306,314
Non-current liabilities due within one year		130,000,000	73,000,000
Other current liabilities		69,202,474	49,290,684
Total current liabilities		<u>4,350,956,537</u>	<u>4,261,812,114</u>
Non-current liabilities:			
Long-term borrowings		–	95,000,000
Bonds payable		745,473,076	744,820,080
Provision		910,612	910,612
Deferred tax liabilities		5,044,475	4,715,063
Other non-current liabilities		38,767,362	39,179,834
Total non-current liabilities		<u>790,195,525</u>	<u>884,625,589</u>
TOTAL LIABILITIES		<u>5,141,152,062</u>	<u>5,146,437,703</u>
SHAREHOLDERS' EQUITY			
Share capital		412,220,000	412,220,000
Capital reserves		609,045,676	609,045,676
Other comprehensive income		3,973,500	3,171,000
Surplus reserves		135,571,025	135,571,025
Undistributed profits	5	473,489,914	493,671,848
Total equity attributable to shareholders of the parent company		<u>1,634,300,115</u>	<u>1,653,679,549</u>
Minority interests		<u>422,354,443</u>	<u>441,385,846</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,056,654,558</u>	<u>2,095,065,395</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>7,197,806,620</u>	<u>7,241,503,098</u>

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June 2015 RMB (unaudited)	Six months ended 30 June 2014 RMB (unaudited)
	<i>Notes</i>		
I. Total Operating income	6	5,814,510,671	5,445,920,835
Including: Operating income		5,814,510,671	5,445,920,835
II. Total operating costs	6	5,748,237,350	5,370,291,226
Including: Operating cost		4,639,447,106	4,339,049,338
Business tax and surcharges		40,717,042	35,742,868
Selling expenses		847,254,210	771,715,032
Administrative expenses		141,187,016	141,548,860
Financial expenses		79,484,445	82,144,696
Impairment losses on assets		147,531	90,432
Add: Gains or losses on changes in fair value		–	–
Investment income		653,363	1,958,307
III. Operating profit		66,926,684	77,587,916
Add: Non-operating income		4,927,983	4,174,128
Including: Gains from disposal of non-current assets		–	–
Less: Non-operating expenses		1,471,610	1,890,640
Including: Losses from disposal of non-current assets		31,691	1,288,218
IV. Total profit		70,383,057	79,871,404
Less: Income tax expenses	7	21,857,356	23,911,445
V. Net profit		48,525,701	55,959,959
Net profit attributable to shareholders of the parent company		21,040,066	29,361,008
Profit or loss attributable to minority interests		27,485,635	26,598,951
VI. Net value of other comprehensive income after tax		802,500	(903,000)
Net value of other comprehensive income attributable to shareholders of the parent company after tax		802,500	(903,000)
Other comprehensive income which can be reclassified into profit or loss subsequently		802,500	(903,000)
Gains or losses from changes in fair value of available-for-sale financial assets		802,500	(903,000)
VII. Total comprehensive income		49,328,201	55,056,959
Total comprehensive income attributable to shareholders of the parent company		21,842,566	28,458,008
Total comprehensive income attributable to minority interests		27,485,635	26,598,951
VIII. Earnings per share			
(I) Basic earnings per share	8	0.05	0.07
(II) Dilutive earnings per share		–	–

NOTES:

1. GENERAL INFORMATION

Beijing Jingkelong Company Limited (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, the Company (formerly known as “Beijing Jingkelong Supermarket Chain Company Limited”) was established and the registered capital of the Company was RMB246,620,000. The Business License No. is 1100001231592. The registered office and the principal place of business of the Company is located at Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the PRC. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the retail and wholesale distribution of daily consumer products.

On 25 September 2006, the H shares issued by the Company was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. 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 on 30 June 2015.

The controlling shareholder of the Company is Beijing Chaoyang Auxiliary Food Company (“Chaoyang Auxiliary”).

2. BASIS OF PREPARATION OF INTERIM FINACIAL STATEMENTS

The interim financial statements have been prepared in accordance with China Accounting Standard 32 “*Interim Financial Reporting*”. In addition, the Group also discloses relevant information required by the Companies Ordinance of Hong Kong and the Listing Rules of the Stock Exchange of Hong Kong Limited.

3. ACCOUNTS RECEIVABLE

2015.6.30				
RMB				
(unaudited)				
Aging	Carrying amount	Proportion%	Bad debt provision	Net book value
Within 1 year	1,396,068,156	88	—	1,396,068,156
1-2 years	93,342,815	6	—	93,342,815
2-3 years	8,836,486	1	—	8,836,486
3-4 years	1,890,579	—	1,890,579	—
4-5 years	—	—	—	—
Over 5 years	80,000,000	5	—	80,000,000
Total	<u>1,580,138,036</u>	<u>100</u>	<u>1,890,579</u>	<u>1,578,247,457</u>

4. NOTES AND ACCOUNTS PAYABLE

	2015.6.30 <i>RMB</i> (unaudited)	2014.12.31 <i>RMB</i> (audited)
Notes Payable	557,226,790	76,088,972
Accounts Payable	1,008,255,753	1,150,842,260
Total	<u>1,565,482,543</u>	<u>1,226,931,232</u>

As at 30 June 2015, security deposit for the issuance of bank acceptances above amounted to RMB125,493,386 (at 31 December 2014: RMB15,217,794).

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:

	2015.6.30 <i>RMB</i> (unaudited)	2014.12.31 <i>RMB</i> (audited)
Within 1 year	992,368,774	1,141,456,710
1 to 2 years	9,282,322	4,640,894
2 to 3 years	2,241,982	4,744,656
Over 3 years	4,362,675	—
Total	<u>1,008,255,753</u>	<u>1,150,842,260</u>

The majority of accounts payable aging over 1 year consist of the final payments for suppliers.

5. UNDISTRIBUTED PROFITS

	Six months ended 30 June 2015 <i>RMB</i> (unaudited)	Six months ended 30 June 2014 <i>RMB</i> (unaudited)
Before adjustment: Undistributed profits at the end of prior period	493,671,848	499,634,209
After Adjustment: Undistributed profits at the beginning of the period	493,671,848	499,634,209
Add: Net profit attributable to the shareholders of the parent company for the period	21,040,066	29,361,008
Less: Ordinary shares' dividends payable	41,222,000	41,222,000
Undistributed profits at the end of the period	<u>473,489,914</u>	<u>487,773,217</u>

Dividend

In current period, a final dividend of RMB0.1 per share in respect of the year ended on 31 December 2014 (the previous corresponding period: RMB0.1 per share in respect of the year ended on 31 December 2013) was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB41,222,000 (the previous corresponding period: RMB41,222,000).

In the period, the directors of the Company do not recommend the payment of an interim dividend (for the previous corresponding period: Nil).

6. OPERATING INCOME AND OPERATING COST

(i) Operating income and operating cost

	Six months ended 30 June 2015 (unaudited)		Six months ended 30 June 2014 (unaudited)	
	Income	Cost	Income	Cost
Principal operating	5,310,399,644	4,632,187,837	5,004,423,169	4,335,252,545
Other operating	504,111,027	7,259,269	441,497,666	3,796,793
Total	<u>5,814,510,671</u>	<u>4,639,447,106</u>	<u>5,445,920,835</u>	<u>4,339,049,338</u>

(ii) Principle operating activities (classified by industry)

	Six months ended 30 June 2015 RMB (unaudited)		Six months ended 30 June 2014 RMB (unaudited)	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Retail	2,389,651,616	2,012,244,422	2,419,208,698	2,020,458,775
Wholesale	2,913,204,848	2,614,036,558	2,574,359,604	2,306,206,519
Others	7,543,180	5,906,857	10,854,867	8,587,251
Total	<u>5,310,399,644</u>	<u>4,632,187,837</u>	<u>5,004,423,169</u>	<u>4,335,252,545</u>

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

7. INCOME TAX EXPENSES

	Six months ended 30 June 2015 RMB (unaudited)	Six months ended 30 June 2014 RMB (unaudited)
Current income tax calculated according to tax laws and relevant rules	23,298,627	30,997,713
Deferred income tax	(1,441,271)	(7,086,268)
Total	<u>21,857,356</u>	<u>23,911,445</u>

Reconciliation between income tax expenses and accounting profits is as follows:

	Six months ended 30 June 2015 RMB (unaudited)
Total profit	70,383,057
Income tax expenses calculated at applicable/statutory tax rate	17,595,764
Effect of adjusting the previous years' income tax	(448,299)
Effect of non-taxable income	—
Effect of non-deductible costs, expenses and losses	545,305
Effect of using deductible losses of previously unrecognized deferred tax assets	(12,376)
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the period	4,176,962
Income tax	<u>21,857,356</u>

8. EARNINGS PER SHARE

	Six months ended 30 June 2015 RMB (unaudited)	Six months ended 30 June 2014 RMB (unaudited)
Net profit for the period attributable to shareholders of the parent company	21,040,066	29,361,008
Number of ordinary shares used in the calculation of basic earnings per share	<u>412,220,000</u>	<u>412,220,000</u>

Six months ended 30 June 2015 <i>RMB</i> (unaudited)	Six months ended 30 June 2014 <i>RMB</i> (unaudited)
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Calculated based on the net profit attributable to ordinary shareholders of the parent company:

Basic earnings per share	<u>0.05</u>	<u>0.07</u>
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9. NET CURRENT ASSETS

	2015.6.30 <i>RMB</i> (unaudited)	2014.12.31 <i>RMB</i> (audited)
Current assets	4,784,030,191	4,766,324,066
Less: current liabilities	<u>4,350,956,537</u>	<u>4,261,812,114</u>
Net current assets	<u>433,073,654</u>	<u>504,511,952</u>

10. TOTAL ASSETS LESS CURRENT LIABILITIES

	2015.6.30 <i>RMB</i> (unaudited)	2014.12.31 <i>RMB</i> (audited)
Total assets	7,197,806,620	7,241,503,098
Less: current liabilities	<u>4,350,956,537</u>	<u>4,261,812,114</u>
Total assets less current liabilities	<u>2,846,850,083</u>	<u>2,979,690,984</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the macro economy continued to be subject to severe downside pressure. Amid a complex environment featured by the shifting pace of economic growth as well as the economic restructuring and adjustments, the wholesale and retail sectors for fast-moving consumer goods remained under pressure. Facing the strong impact arising from e-commerce and mobile internet as well as the pressure from the rising corporate operating costs, the Group carried out adjustments and restructuring gradually by integrating the elements of the Internet technology into the existing characters and resource advantages of offline retail stores, so as to cater for the and new trends of consumer demand and changes in consumption patterns. In order to strive to curb the downtrend in profitability, the Group continued to implement refined marketing strategies, enrich product lines and consolidate bonding with its customers.

RETAIL BUSINESS

Improving foundation work for supply chain management to enhance competitiveness of merchandise

During the Reporting Period, in order to deal with the impact of e-commerce on the price of the merchandise, when researching and comparing the market prices offered by rival retail stores, the Group had introduced the collection and analysis of the prices of e-commerce goods into the mechanism. In particular, the Group conducted ongoing market research and analysis of more than a thousand price-sensitive basic and key products as well as special products, and tracked the market prices of certain raw material goods in order to apprehend the trend in the changes of the costs of raw materials. On this basis, the Group stepped up its efforts in renegotiating with suppliers on prices to maintain the market competitiveness of the prices of its goods.

The Group continued to develop tailored goods by increasing its proportion in the categories of staple food, pastries, snack food and daily groceries, and stepped up efforts to expand the category and variety of imported goods to cater for the new changes in consumer demands and to increase the added value of its goods.

The Group continued to introduce new direct delivery bases for fresh produce and respect of each of the delivery bases, the Group has established with such base the type, quantity, supply period and quality standards required. On this foundation, the bases were able to make annual plans in respect of the place of origin, the production season and the production quantity to ensure supply to the Group.. The Group continued to push forward the early processing of fruits, vegetables and pork designed rough processing standards and operating procedures on the basis of existing procurement standards. With rough- processing and quantitative packaging of fresh produce at the bases, the merchandising of fresh produce had gradually moved towards the standardizing approach to alleviate the pressure on using workforce at retail stores, and at the same time reduce damage of such fresh produce.

Enhancing merchandising capability of fresh produce through imposing standardised business management practices

During the Reporting Period, in order to improve the operation conditions for fresh produce at retail stores, the facilities for the display of fresh produce at retail stores were replaced, and the layout of the fresh produce areas was rearranged. By means of replacing facilities and rearranging the layout, the operating area for fresh produce has expanded, serving as a basis for applying a unified display standard. Standardised management practices were applied to the variety, display, ordering, inspection, storage, shelving and clearing of fresh produce as well as to post division, shift management and performance incentives to improve the merchandising capability of fresh produce, and in turn enhance the capability of retail stores to attract customers and boost the overall sales at retail stores.

Raising the level of refinement through data analysis

During the Reporting Period, focus was placed on the integration of operational data to identify problems ranging from the relationship between per customer transaction and customer flow, the relationship between sales and customer flow as well as the ranking of sales of goods. Targeting on the abnormal sales of certain goods, focused analysis was conducted in respect of areas such as the prices, shortage of supply, rival retail stores and associated goods. Further data collections conducted at specific intervals in respect of new products such that the state of introduction of such new products could be tracked in a timely manner through analysing the sales and inventory data. By ranking and comparing inventory amounts, cost of sales and number of turnover days for special goods, based on the classification of suppliers and retail stores, the Group was able to identify the operational risks that arising from the sale of such special goods. The data analysis on various promotional schedules as well as the relevant marketing efforts and effects had utilised the advantage of the marketing approach evaluation mechanism, which played a role in shifting the marketing approach from extensive promotion to refined marketing.

Introducing the mobile payment function

In consideration of the new consumption habit of mobile payment via handset and the customers' demand for more convenient payment methods from offline retail stores, the Group officially launched an online Wechat payment feature at its offline retail stores since 1 May 2015, with which consumers can settle payments at retail stores by using their Wechat wallets on mobile phones, thus providing them with a convenient payment option and improving the speed of bill settlement. On this basis, a Wechat goods pre-sale event was launched on the Jingkelong Wechat public platform. In the first "1.5 kg Guiwei litchi Wechat Advance Selling Event", the advance booking of goods were successfully sold within 3.5 hours, and the product quality and shopping experience won recognition and acclaim from consumers.

Optimising logistics and distribution management to boost logistics efficiency

The operation of the disassembling and auto-sorting system has changed the conventional manual disassembling operation model, raised the level of automation and the degree of mechanisation at the normal-temperature distribution centre and increased the accuracy of the out stock of goods. During the Reporting Period, the Group continued to proceed with logistics standardisation by transforming some of the storage shelves into gravity-based, freestyle shelves, and building a standardised pallet storage platform for the storage of large quantities of goods in entire columns and lots to increase the capacity of the distribution centre. The Group also continued to optimise the booking requirements for taking delivery of goods, pre-arranged terminals, staff and logistics pallets to save manpower and resources. The Group tightened up the management of in stock and out stock of goods, in particular to strengthen the management of the in stock of disassembled bulk goods as well as the control and clearance of dead stock to shorten the inventory turnover days.

Strengthening food safety management

During the Reporting Period, in order to ensure the quality and safety of goods, the Group carried out stringent monitoring of the quality of goods by implementing a mechanism for carrying out both daily self-inspection and product quality sampling inspection to remove any potential safety hazards. The Group strengthened food safety management in various aspects including the introduction of goods, verification of qualifications and quality control. Further, the Group stringently complied with food safety laws and regulations, and proactively established a corporate food safety management system. Through the launch of activities during the food security communications week and the summer food quality and safety month, the Group has stepped up the promotional and inspection work on food security and inspected the goods to ensure that they are safe for consumption. By taking the production work safety management month as an opportunity, the Group continued strengthening education about safety in production, and enhanced the awareness of food safety among all staff.

Prudently developing the retail network

During the Report Period, the Group expanded the scale of its stores prudently, opened 1 retail stores. Due to reasons such as the expiration of the term of leasing and modification, during the Reporting Period, 7 directly-operated convenience stores and 9 franchise-operated convenience stores were closed. In addition, the Group renovated and upgraded 3 supermarket and 3 convenience stores.

The total number of the Group's retail outlets was 270 as at 30 June 2015, including 195 directly-operated outlets and 75 franchise-operated outlets, with a total net operating area of 317,234 square metres. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2015:

	Department stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	2	12	73	108	195
Franchise-operated	–	–	1	74	75
	<u>2</u>	<u>12</u>	<u>74</u>	<u>182</u>	<u>270</u>
Total	<u>2</u>	<u>12</u>	<u>74</u>	<u>182</u>	<u>270</u>
Net operating area (square metres):					
Directly-operated	39,742	86,089	156,619	20,202	302,652
Franchise-operated	–	–	880	13,702	14,582
	<u>39,742</u>	<u>86,089</u>	<u>157,499</u>	<u>33,904</u>	<u>317,234</u>
Total	<u>39,742</u>	<u>86,089</u>	<u>157,499</u>	<u>33,904</u>	<u>317,234</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:

	For the six months ended 30 June		
	2015	2014	Variance
	RMB'000	RMB'000	(%)
Directly-operated retail outlets:			
Hypermarkets	685,072	684,008	0.2
Supermarkets	1,502,983	1,541,771	(2.5)
Convenience stores	158,464	166,768	(5.0)
Department stores	25,212	26,662	(5.4)
(including commissions)	21,814	22,719	(4.0)
	<u>17,921</u>	<u>–</u>	<u>–</u>
Online retail business	<u>17,921</u>	<u>–</u>	<u>–</u>
Total retail principal operating income	<u>2,389,652</u>	<u>2,419,209</u>	<u>(1.2)</u>
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	<u>15.0</u>	<u>15.7</u>	<u>(0.7)</u>

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 1.2% mainly due to the following reasons: (i) an overall same-store sales decrease of approximately 1.56% during the Reporting Period; (ii) the influence of intensive market competition and fast development of e-commerce; and (iii) the impact of the temporary closure of stores due to reconstruction and renovation work.

During the Reporting Period, gross profit margin of the directly-operated retail business (excluding department stores) decreased from 15.7% of the last corresponding period to 15.0%, mainly because of : (i) the launch of sales promotions by the Group in order to benefit the customers had in turn reduced the gross profit margin; and (ii) the gross profit margin in retail business decreased due to the bargain storm provoked by fierce market competition in the industry and the e-commerce.

WHOLESALE BUSINESS

Continuing to expand the e-commerce supplier business

During the Reporting Period, to deal with the rapid development of the e-commerce market, the Group has utilised its advantages of the existing network resources with offline suppliers, to expand cooperation with e-commerce platforms, thereby enhancing the professional and service standards of the e-commerce supplier business, and brought the existing offline brands, for which it acted as a distributor and an agent, to various major online platforms for the overall development of online and offline categories in all channels. By setting up logistics branch warehouses in Shanghai, Guangzhou and Chengdu, launching apps for mobile phones and developing a Wechat-based business system, the Group raised its service standards as an e-commerce supplier on an ongoing basis.

Optimizing brand structure and cultivating new advantages in brand resources

During the Reporting Period, the Group continued to bring in new suppliers and new brands for which it acted as a distributor and an agent, and improved brand upgrades and updates to enhance its brand structure. The Group focused on the sharing of existing brand resources in Beijing and Hebei region, proceeded with the synergetic development of the existing brands in the Beijing-Tianjin-Hebei region, and with the maturing and development of the imported goods market, the Group has stepped up the introduction of channels and the sales of imported goods.

Applying logistics standardisation projects to align with international standards

During the Reporting Period, the Group, as one of the business entities under the pilot scheme of the Ministry of Commerce for special logistics standardisation initiatives, proactively proceeded with adopting the use of interchangeable pallets and the policy of exempting of goods from inspection for the purpose of accelerating logistics standardisation. By unifying pallet standards among suppliers and retail customers, inspection was gradually exempted when taking delivery of goods, hence the delivery process was simplified and loss due to multiple loading and unloading of goods was reduced. The delivery efficiency has therefore improved and the logistics costs has been reduced.

WHOLESALE OPERATING RESULTS

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

	For the six months ended 30 June		
	2015	2014	Variance
	RMB'000	RMB'000	(%)
Wholesale principal operating income recognised by			
Chaopi Group*	3,202,149	2,842,314	12.7
Less: Intersegment Sales	(291,790)	(271,353)	7.5
Sales to franchisees	2,846	3,399	(16.3)
Consolidated wholesale principal operating income	2,913,205	2,574,360	13.2
Gross profit margin** (%)	9.3	9.4	(0.1)

* *Chaopi Group represents Beijing Chaopi Trading Company Limited and its subsidiaries.*

** *This represents gross profit margin recognised by Chaopi Trading and its subsidiaries including intersegment sales.*

During the Reporting Period, the wholesale principal operating income increased by approximately 13.2%, which was mainly due to the following reasons: (i) the sales contribution from increased sales to e-commerce during the period; (ii) the sales contribution from the new subsidiaries in the first half of 2015; and (iii) the sales contribution from the distribution of newly introduced distribution brands.

During the Reporting Period, the gross profit margin was 9.3%, which maintained almost the same level over the 9.4% in the corresponding period.

FINANCIAL RESULTS

	For the six months ended 30 June		
	2015	2014	Variance
	RMB'000	RMB'000	(%)
Principal operating income	5,310,400	5,004,423	6.1
Gross profit	678,212	669,171	1.4
Gross profit margin (%)	12.8%	13.4%	(0.6)
Earnings before interest and tax	154,190	166,070	(7.2)
Net profit	48,526	55,960	(13.3)
Net profit margin (%)	0.9%	1.1%	(0.2)
Net profit attributable to shareholders of the parent company	21,040	29,361	(28.3)
Net profit margin attributable to shareholders of the parent company (%)	0.4%	0.6%	(0.2)

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income increased by approximately 6.1%, of which retail principal operating income decreased by approximately 1.2%, and wholesale principal operating income increased by approximately 13.2%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group increased by approximately 1.4% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 12.8% (last corresponding period: 13.4%).

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 28.3% compared with the last corresponding period. The earnings before interest and tax amounted to RMB154,189,522, representing a decrease of RMB11,880,178 compared with the last corresponding period, and the net profit attributable to shareholders of the parent company decreased from RMB29,361,008 of the last corresponding period to RMB21,040,066.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2015, the Group had non-current assets of RMB2,413,776,429 (comprising mainly fixed assets, investment properties, and land use rights for a total of RMB1,434,554,087), and non-current liabilities of RMB790,195,525 (comprising mainly bonds payable of RMB745,473,076).

As at 30 June 2015, the Group had current assets of RMB4,784,030,191. Current assets mainly comprised of cash and cash equivalents of RMB519,553,725, inventories of RMB1,270,842,011, accounts receivable of RMB1,578,247,457 and prepayments and other receivables of RMB1,158,477,065. The Group had current liabilities of RMB4,350,956,537. Current liabilities mainly comprised of notes payable and accounts payable of RMB1,565,482,543, short term bank loans of RMB1,876,901,602 and other payables of RMB204,136,765.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 30 June 2015, the Group had bank loans of RMB2,006,901,602, which consisted of accounts receivable factored bank loans of RMB123,651,602, secured bank loans of RMB130,000,000, unsecured bank loans of RMB1,753,250,000. All the Group's bank loans bear interest rates ranging from 4.79% to 6.90% per annum. The secured bank loans were secured by certain of the Group's buildings, land use rights, and investment properties with an aggregate net book value of RMB145,982,722 on 30 June 2015.

Certain of the Group's margin deposit of RMB125,493,386 were pledged for notes payable of RMB557,226,790 as at 30 June 2015.

The Group's gearing ratio* was approximately 71.4 % as at 30 June 2015, which was slightly higher than approximately 70% 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 2015, the Group employed 8,102 employees domestically (as at 30 June 2014: 8,426 employees). The total staffing costs (including directors' and supervisors' remunerations) of the Group for Reporting Period amounted to RMB382,096,587 (corresponding period of 2014: RMB337,307,632). 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.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities.

ESTABLISHMENT OF ONE SUBSIDIARY

On 29 January 2015, the Company, through its non-wholly owned subsidiary Chaopi Trading established a subsidiary, Beijing Chaopi Zhaoyang E-commerce Company Limited (Chaopi Zhaoyang), to engage in the e-commerce business. The registered capital of Chaopi Zhaoyang was RMB20,000,000, which has been fully paid up by Chaopi Trading. The Company held an indirect equity interest of approximately 79.85% in Chaopi Zhaoyang.

COMPLETE THE CAPITAL INCREASE OF TWO NON-WHOLLY OWNED SUBSIDIARIES

On 17 March 2015, Chaopi Trading contributed an additional capital injection amounted to RMB10,000,000, which has been fully paid up by Chaopi Trading, into a wholly owned subsidiary, Taiyuan Chaopi Trading Company Limited ("Taiyuan Chaopi"), increasing the registered capital of Taiyuan Chaopi from RMB5,000,000 to RMB15,000,000. After the increase of registered capital, the Company became a holder of an indirect equity interest of approximately 79.85% in Taiyuan Chaopi.

On 22 April 2015, the Group, through its non-wholly owned subsidiary Beijing Chaopi Jinglong Oil Sales Company Limited ("Chaopi Jinglong") and an existing investor collectively contributed an additional capital injection amounted to RMB12,000,000, to Beijing Chaopi Yuli Trading Company Limited ("Chaopi Yuli"), which has been fully paid up by Chaopi Jinglong and such existing investor, increasing the registered capital of Chaopi Yuli from RMB12,000,000 to RMB24,000,000. After the increase of registered capital, the Company became a holder of an indirect equity interest of approximately 30.31% in Chaopi Yuli.

OUTLOOK

The economy will continue to be subject to prominent downside pressure in the second half of 2015. The Group, as a conventional FMCG wholesaler and retailer, will continue to bear a certain degree of downside pressure. However, with the adjustment of the integrated strategic layout of the Beijing-Tianjin-Hebei region and the accelerated pace of constructing Beijing as an international city, there will also be new opportunities for traditional retail and wholesale industry. On one hand, while continuing to adhere to the principles as a retailer, the Group will integrate internet and mobile internet technology into the current offline business to eventually divert customers to physical retail stores to achieve sales growth. On the other hand, the Group will continue to adopt a consumer demand-oriented approach by making full use of its regional characteristics and advantages in its concentrated of resources to boost the integrated operation of the retail and wholesale businesses.

EVENTS AFTER THE REPORTING PERIOD

On 3 July 2015, Chaopi Trading and an existing investor collectively contributed an additional capital injection amounted to RMB16,250,000 and RMB8,750,000 respectively into a non-wholly owned subsidiary, Beijing Chaopi Maolisheng Company Limited (“Chaopi Maolisheng”), increasing the registered capital of Chaopi Maolisheng from RMB50,000,000 to RMB75,000,000. Chaopi Trading has paid up its subscribed capital contribution, the existing investor has paid up 7,000,000 and the remaining 1,750,000 has not been paid up in place. After the increase of registered capital, the Company became a holder of an indirect equity interest of approximately 51.90% in Chaopi Maolisheng.

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 of the Company 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 2015 unaudited interim consolidated results. The Audit Committee considered that the interim financial report for the six months ended 30 June 2015 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 2015, 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 ("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

Name	Capacity	Number of domestic shares held	Approximate percentage of total issued domestic shares (%)	Approximate percentage of total issued shares (%)
Li Jianwen	Personal	1,482,579	0.64	0.36
Li Chunyan	Personal	395,992	0.17	0.10
Liu Yuejin	Personal	375,151	0.16	0.09
Li Shunxiang	Personal	5,210,428	2.26	1.26
Yang Baoqun	Personal	1,042,086	0.45	0.25
Liu Wenyu	Personal	265,151	0.12	0.06
Yao Jie	Personal	125,051	0.05	0.03
Wang Hong	Personal	82,525	0.04	0.02

Save as disclosed above, as at 30 June 2015, 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 2015, 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

Name	Capacity	Number of domestic shares held	Approximate percentage of total issued domestic shares (%)	Approximate percentage of total issued shares (%)
Beijing Chaoyang Auxiliary Food Company	Beneficial owner	167,409,808	72.77	40.61

Positions in the H shares of the Company

Name	Total number of H shares held	Approximate percentage of total issued H shares (%)	Approximate percentage of total issued shares (%)
Schroders Plc (<i>Note 1</i>)	19,977,000 (L)	10.96	4.85
Templeton Asset Management Ltd. (<i>Note 2</i>)	18,314,900 (L)	10.05	4.44
JPMorgan Chase & Co. (<i>Note 3</i>)	16,560,900 (L)	9.09	4.02
Schroder Investment Management (Hong Kong) Limited (<i>Note 4</i>)	16,560,900 (P)	9.09	4.02
	13,036,000 (L)	7.16	3.16

(L) – Long Position

(P) – Lending Pool

Note:

1. These 19,977,000 H shares were held by Schroders Plc in its capacity as an investment manager.
2. These 18,314,900 H shares were held by Templeton Asset Management Limited in its capacity as an investment manager.
3. These 16,560,900 H shares were held by JP Morgan Chase & Co. were in its capacity as a custodian corporation/an approved lending agent of which 16,560,900 H shares were in a lending pool.
4. These 13,036,000 H shares were held by Schroder Investment Management (Hong Kong) Limited 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 2015, 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
26 August 2015

As at the date of this announcement, the executive directors of the Company are Mr. Li Jianwen, Ms. Li Chunyan and Mr. Liu Yuejin; the non-executive directors are Mr. Wang Weilin, Mr. Li Wei, Mr. Li Shunxiang; and the independent non-executive directors are Mr. Wang Liping, Mr. Chen Liping and Mr. Choi Onward.