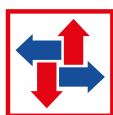


2022 INTERIM REPORT



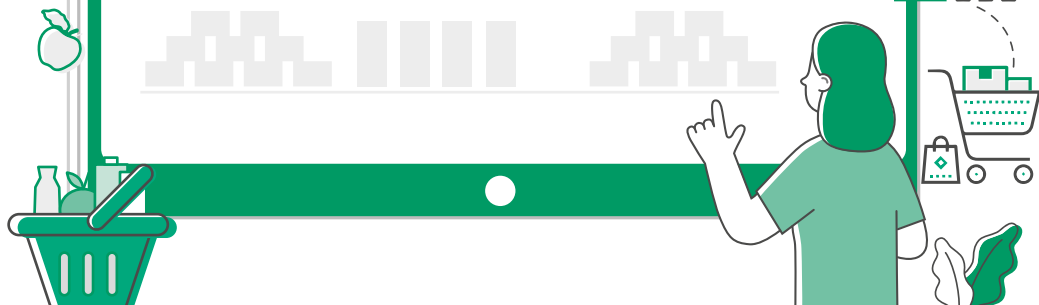
北京京客隆
商业集团股份有限公司
BEIJING JINGKELONG COMPANY LIMITED

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

(Stock Code : 814)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Liwei (*Chairman*)

Ms. Li Chunyan

Mr. Li Shenlin

NON-EXECUTIVE DIRECTORS

Mr. Li Jianwen

Ms. Zhang Yan

Mr. Li Shunxiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Onward, CPA

Mr. Wang Liping

Mr. Chen Liping

AUDIT COMMITTEE

Mr. Choi Onward, CPA (*Chairman*)

Mr. Wang Liping

Mr. Chen Liping

REMUNERATION COMMITTEE

Mr. Wang Liping (*Chairman*)

Mr. Zhang Liwei

Mr. Chen Liping

NOMINATION COMMITTEE

Mr. Chen Liping (*Chairman*)

Mr. Zhang Liwei

Mr. Wang Liping

SUPERVISORS

Ms. Liu Wenyu (*Chairman*)

Mr. Yang Baoqun

Mr. Chen Zhong

Mr. Wang Deshan

Ms. Niu Hongyan

Ms. Li Chunyi

COMPANY SECRETARY

Ms. Pan Xuemin

AUTHORISED REPRESENTATIVES

Ms. Li Chunyan

Ms. Pan Xuemin

AUDITORS

Da Hua Certified Public Accountants (Special
General Partnership)

LEGAL ADVISERS

As to Hong Kong law:

Reed Smith Richards Butler LLP

As to PRC law:

Grandall Law Firm (Beijing)



INVESTORS AND MEDIA RELATION CONSULTANT

Unicorn Financial Company Limited

PRINCIPAL BANKERS

AGRICULTURAL BANK OF CHINA

Beijing Guanghua Road Branch
4 Guanghua Road
Chaoyang District
Beijing, PRC

BANK OF BEIJING

Jiulongshan Branch
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REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block No. 45
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Chaoyang District
Beijing, PRC

PLACE OF BUSINESS IN HONG KONG

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18 Westlands Road
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STOCK CODE

814



FINANCIAL HIGHLIGHTS

The Group achieved the following results during the six months ended 30 June 2022 (the “**Reporting Period**”):

- Revenue amounted to approximately RMB4,866,000,697, representing a decrease of approximately 8.8% compared with the last corresponding period.
- Gross profit amounted to approximately RMB631,534,745, representing an increase of approximately 6.0% compared with the last corresponding period.
- Total profit amounted to approximately RMB24,751,746, representing a decrease of approximately 64.5% compared with the last corresponding period.
- Net profit attributable to shareholders of the parent company reached approximately RMB-14,398,632, representing a decrease of approximately 154.2% compared with the last corresponding period.

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



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2022, due to the impact of COVID-19, the macro-economy experienced a difficult recovery amid a complicated internal and external environment. However, with the impact of COVID-19 slowing down, China's economy is showing the resilience to rapidly bottom out and stabilise. According to the data released by the National Bureau of Statistics, the total retail sales of consumer goods in the first half of the year was RMB21,043.2 billion, representing a decrease of 0.7% as compared to the previous corresponding period. By quarter, it grew by 3.3% in the first quarter and declined by 4.6% in the second quarter, with a continuous decline in March, April, and May. With the improvement of pandemic prevention and control situation in the PRC, the effect of consumption promotion policies, the total retail sales of consumer goods grew by 3.1% in June as compared to the previous corresponding period, releasing signals of recovery in the consumption market. Faced with the pressure of shrinking demand, supply disruption and weakening expectations, the traditional retail industry players, including the Group, have been reinventing themselves and seeking changes. In response to the changes in consumption characteristics such as conservative consumption mentality, impulsive consumption and decrease in unnecessary consumption, the Group refocused on building the core competence of its main business from multiple aspects including procurement, operation, and marketing. Focusing on the essence of business operation, the Group started with category management, reshaped its strategic cooperation relationship with suppliers, and sought new opportunities for transformation and upgrading amid difficulties and challenges.

RETAIL BUSINESS

The Group had 151 retail outlets as at 30 June 2022, including 139 directly-operated outlets and 12 franchise-operated outlets, with a total net operating area of 231,480 square metres. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2022:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	1	10	52	76	139
Franchise-operated	–	–	–	12	12
Total	1	10	52	88	151
Net operating area (square metres):					
Directly-operated	27,800	69,011	115,713	15,892	228,416
Franchise-operated	–	–	–	3,064	3,064
Total	27,800	69,011	115,713	18,956	231,480

During the Reporting Period, three directly-operated convenience stores and a franchise-operated convenience store were opened. Due to the expiration of leases and modifications to the operation strategy, the Group closed down two supermarkets, 11 directly-operated convenience stores and a franchise-operated convenience store during the Reporting Period.



FIGHTING AGAINST THE PANDEMIC AND SECURING SUPPLIES AMID THE RECURRING COVID-19 SITUATION

During the Reporting Period, in the face of the recurrence of COVID-19, the Group strictly implemented various prevention and control measures including scanning QR codes and measuring temperature at the entrance of shops, and conducting regular cleaning and disinfection in outlets; strengthened COVID-19 testing by conducting regular nucleic acid tests on staff, cold storages, environments and commodities to provide a safe working environment for staff and allow consumers to shop and consume with confidence. During the pandemic prevention and control period, the Group, as a key supply assurance enterprise, undertook the task of stockpiling emergency supplies such as vegetables, bottled water and instant noodles to ensure the supply of resources to the people in Beijing. In particular, in the face of the new round of pandemic at the end of April, the Group reacted quickly by deploying 70% of its staff from headquarters to support the shops from headquarters to address the surge in online orders and shortage of staff. All shops opened early and closed late, and operated until they closed naturally; the procurement department actively deployed resources, and the ambient temperature distribution centre and fresh produce distribution centre overcame difficulties for around-the-clock uninterrupted delivery to ensure that shops had sufficient supplies. The Group launched the online “Heart-warming Pack (暖心包)” ordering service, with a variety of “Heart-warming Vegetable Pack”, “Heart-warming Fruit Pack”, “Heart-warming Pork Pack” and “Heart-warming Beef Pack”, etc., effectively eliminating customers’ panic buying mentality.

CONTINUOUSLY STRENGTHENING CATEGORY MANAGEMENT

During the Reporting Period, the Group adjusted its business operation processes and integrated its procurement, marketing, operations and e-commerce departments to build an efficient customer response system that links procurement and sales according to the entire life cycle of the products from purchase to exit. The Group has also streamlined its merchandise composition, merchandise display, merchandise pricing and merchandise promotion according to consumer demand, and to diversify its product categories and types to attract and retain customers with different consumption habits. The average category penetration rate, sales volume, and inventory turnover of the adjusted categories of stores have increased as compared to the previous corresponding period, and the business model adjustment brought about by category management has become initially evident. By improving the merchandise operation and service competency of each category, to reshape the brand and consumer recognition of Jingkelong.

INTEGRATED ONLINE AND OFFLINE MARKETING ON THE BASIS OF CUSTOMER NEEDS

During the Reporting Period, the Group used the “Consumer Life Calendar (消費者生活行事曆)” as the main theme of its marketing activities throughout the year, and launched various forms of online and offline promotions through its own applications, mini-programs and third-party platforms to differentiate different customer groups for selection and promotion of merchandise. The Group also strengthened our display portfolio and created a lively scene to enhance the hustle and bustle of the shops and improve customers’ shopping experience. During the Chinese New Year, the themed promotion of “Taste of the South” was launched, featuring a series of 18 southern vegetables, including Chinese mustard, leek moss, toon and arugula. In accordance with seasonal changes, a series of themed promotions, such as “Strawberry Season”, “Spring Vegetables and Fruits on Sale” and “Tomatoes in Bloom”, were launched one after another to create selling points and boost sales in a sluggish market. The Group actively participated in the Neighbourhood Festival organised by the industry association and launched themed activities such as “Quality of Life” and “Balanced Diet, Healthy Food” to create a harmonious community ecology of convenience, health and love and to guide consumers to live a low-carbon lifestyle.



CHANGE OF MINDSET TO IMPROVE OPERATIONAL MANAGEMENT

With an ageing population, the trend of small families and the rise of a new generation of consumers, the Group continued to change its business mindset and enhanced its efforts in the development of portable products, rationed products, and own-brand products and direct sourcing to further enhance its ability to serve consumers' needs of meals, thus developing user loyalty. The Group continued to deepen our digital transformation with a focus on the essence of retailing "goods + services". The Group implemented category management requirements in store operations, provided data and technical support for business improvement using data empowerment, and win back consumers' trust and favour.

CONTINUOUSLY STRENGTHENING FOOD SAFETY MANAGEMENT

Food safety management has always been a top priority for the Group and is the foundation for the provision of all goods and services, therefore the Group has been exercising strict control to ensure food safety. In particular, with the normalisation of the pandemic, the Group regularly conducted trainings on food safety for frontline staff and management staff through a combination of online and offline methods to continuously enhance their ability to prevent food safety issue. The Group regularly conducted food safety inspections and random checks from multiple aspects such as safety, traceability systems, management systems, temperature control, storage and transportation and used its utmost effort to safeguard food safety. The Group regularly reviewed the qualification of our suppliers and product information and strictly controlled access to channels and products. During the Reporting Period, the Group joined hands with third-party platforms to launch the food safety sealing initiative, with shops uniformly using sealing labels for packaging to ensure the health and hygiene of food delivered to customers. This initiative was well received and supported by many consumers.

CONTINUOUSLY OPTIMIZING THE LOGISTICS AND DISTRIBUTION SERVICES

During the Reporting Period, in the face of the unexpected pandemic situation and the task of ensuring supply for the Beijing Winter Olympic Games and the Winter Paralympic Games, two of our distribution centres gave full play to their logistics and distribution advantages, with all staff and transport vehicles for uninterrupted transport. The fulfillment of various tasks in transporting anti-pandemic resources and securing the transport of commodities was unanimously recognised by the citizens of the capital and the supplies assurance personnel of the two Olympic Games. The fresh food distribution centre kept a strict eye on the quality of fresh food commodities, intensified the sampling inspection of commodities and strengthened the control of key commodities, seasonal commodities and end-of-season commodities. The ambient temperature distribution centre strictly controlled the incoming of commodities: it strictly implemented commodity acceptance standards and intensified sampling inspection. The centre strictly controlled the storage of commodities: it adopted a combination of self-inspection and irregular sampling inspection every month to strengthen day to day management of expiry date of commodities in storage, preventing the risk of expiry and ensuring the safety of commodities when exporting from the warehouse. The centre strictly controlled outgoing of commodities: it strengthened management of flow of commodities from link to link in the distribution centre, ensure that the commodities are delivered to shops intact, and in a safe and timely manner.



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			
	2022 RMB'000	2021 RMB'000	Variance
Directly-operated retail outlets:			
Hypermarkets	483,924	472,319	2.5%
Supermarkets	1,153,603	1,095,781	5.3%
Convenience stores	150,367	146,271	2.8%
Department stores	633	7,104	(91.1%)
(including commissions)	633	5,291	(88.0%)
Total retail principal operating income	1,788,527	1,721,475	3.9%
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	16.8	17.3	(0.5p.p)

During the Reporting Period, the retail principal operating income of the Group increased by approximately 3.9% mainly due to the increase in consumers' demand for basic commodities such as rice, flour, grain and oil increased during the Reporting Period as influenced by COVID-19, meanwhile, the Group promoted category management for the retail business, leading to the increase in same-store sales by 6.4% as compared to the last corresponding period.

During the Reporting Period, gross profit margin of the directly-operated retail business (excluding department stores) was 16.8% which decreased by 0.5p.p from 17.3% for the last corresponding period, mainly due to the following reasons: (i) during the Reporting Period, due to the recurrence of COVID-19, the consumption level of residents decreased compared with that before the pandemic; and (ii) having been affected by the pandemic prevention and control, as an enterprise which provides stable supply of necessities for people's livelihood, the Group had to guarantee the steady price and stable supply of important commodities for people's livelihood.

WHOLESALE BUSINESS

TAKING FULL ADVANTAGE OF LOGISTICS RESOURCES

During the Reporting Period, the Group strictly implemented various measures to prevent the pandemic, gave full play to its role in ensuring supply and stability during recurrence of the pandemic, and made effort in ensuring supply of household materials to contribute to the stability of materials in the capital market. The Group continuously enhanced the comprehensive management capability of logistics depots, reasonably adjusted the existing depots, and further optimising the storage structure of depots. The Group effectively utilised the adjusted depot area, arranged the storage of commodities and location of sorting equipment in the depots as a whole. Integrating the characteristics of business operations, the Group adjusted the classification storage of commodities to optimize distribution paths, thus improving logistics efficiency.



STEADY MARKET EXPANSION

During the Reporting Period, in the face of the continuous impact of the pandemic on its operations and the market, the Group insisted on the goal of ensuring smooth operations, kept abreast of the developments of the pandemic, fully implemented pandemic control, and coordinated pandemic prevention and control with business operations to ensure the orderly development of all businesses. With a focus on “commodities + services”, the Group expanded areas such as e-commerce, self-owned brand and international business to improve its brand and construction channel. The Group negotiated with renowned e-commerce platforms for same-day and next-day delivery business and actively promoted in-depth cooperation as a part of our efforts to continuously explore new cooperation opportunities and areas of cooperation to expand sales promotion opportunities.

WHOLESALE OPERATING RESULTS

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

	For the six months ended 30 June		
	2022 RMB'000	2021 RMB'000	Variance
Principal operating income recognised by Chaopi Group*	3,267,641	3,804,273	(14.1%)
Less: Intersegment sales	(197,260)	(198,762)	(0.8%)
Sales to franchisees	1,066	1,000	6.6%
Consolidated wholesale principal operating income	3,071,447	3,606,511	(14.8%)
Gross profit margin ** (%)	10.1	7.7	2.4p.p

* 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, wholesale principal operating income decreased by approximately 14.8%, mainly due to: (i) under the impact of COVID-19 during the Reporting Period, goods in controlled areas could not be received or delivered normally, which resulted in reduced sales orders and accordingly a decrease in sales during the Reporting Period; and (ii) during the Reporting period, the Group underwent commodities structural adjustment and adjusted certain brands, resulting in a decreased in sales.

During the Reporting Period, the gross profit margin of Chaopi Group was 10.1% which increased by 2.4 p.p. as compared to 7.7% for the corresponding period last year. The growth is mainly due to the following reasons: (i) the Group adjusted sales channels and reduced sales channels with low gross margin; (ii) the Group optimized the structure of commodities and ceased cooperation with brands with lower profitability, leading to an increase in gross profit margin.



FINANCIAL RESULTS

	For the six months ended 30 June		
	2022 RMB'000	2021 RMB'000	Variance
Principal operating income	4,866,001	5,335,019	(8.8%)
Gross profit	631,535	595,743	6.0%
Gross profit margin (%)	13.0%	11.2%	1.8 p.p
Earnings before interest and tax	92,922	149,017	(37.6%)
Net profit	5,465	42,608	(87.2%)
Net profit margin (%)	0.1%	0.8%	(0.7 p.p)
Net profit attributable to shareholders of the parent company	(14,399)	26,589	(154.2%)
Net profit margin attributable to shareholders of the parent company (%)	(0.3%)	0.5%	(0.8 p.p)

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income decreased by approximately 8.8%, of which retail principal operating income increased by approximately 3.9%, and wholesale principal operating income decreased by approximately 14.8%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group increased by approximately 6.0% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 13.0% (last corresponding period: 11.2%).

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 154.2% compared with the last corresponding period. The earnings before interest and tax amounted to approximately RMB92,922,458, representing a decrease of RMB56,094,563 compared with the last corresponding period, and the net profit attributable to shareholders of the parent company decreased from RMB26,589,237 of the last corresponding period to a net loss attributable to shareholders of the parent company of RMB14,398,632. Such loss is mainly due to: (i) a one-off amortization of improvement expenses in the amount of RMB23,044,437 in connection with the Group's decision to cease rental of a premises from January 2022 which was mainly used for the operation of a supermarket; and (ii) the loss on changes in fair value of the financial assets which have been held by the Company's non-wholly subsidiary since April 2018, in the amount of RMB8,128,666 due to the mark-to-market effect during the Reporting Period.



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 2022, the Group had non-current assets of RMB2,870,750,893 (comprising mainly fixed assets, investment property, and land use right for a total of RMB1,239,939,274), and non-current liabilities of RMB932,872,290 (comprising mainly leases liabilities of RMB887,441,687).

As at 30 June 2022, the Group had current assets of RMB4,837,413,877. Current assets mainly comprised of cash and cash equivalents of RMB936,102,881, inventories of RMB1,354,216,576, notes receivable and accounts receivable of RMB1,094,490,446 and prepayments and other receivables of RMB780,673,791. The Group had current liabilities of RMB4,775,966,373. Current liabilities mainly comprised of notes payable and accounts payable of RMB1,374,139,337, short term bank loans of RMB2,153,417,717 and non-current liabilities due within one year of RMB584,989,130, contract liabilities of RMB290,346,608.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 30 June 2022, the Group had bank loans of RMB2,153,417,717, which consisted of accounts receivable factored bank loans of RMB7,224,998, unsecured bank loans of RMB2,117,784,086, pledged loans of RMB28,408,633. All the Group's bank loans bear interest rates ranging from 2.90% to 4.35% per annum.

Certain margin deposit of the Group of RMB95,120,659 were pledged for notes payable of RMB531,375,056 as at 30 June 2022.

The Group's gearing ratio* was approximately 74.1% as at 30 June 2022, which was slightly higher than approximately 73.2% 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 2022, the Group employed 4,659 employees in the PRC (as at 30 June 2021: 5,046 employees). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to RMB355,275,406 (corresponding period of 2021: RMB372,460,621). 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. The Group regards talent education and management as very important and provides a broad platform for staff development. With an aim to meet the training needs under normalized epidemic prevention and control requirements, the Group has offered diversified online training courses to its staff for training on professional knowledge, skills, physical and mental health and other aspects.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities.

OUTLOOK

In the second half of 2022, under the persistently complex and severe macroeconomic environment in the PRC and abroad, coupled with uncertainties of the pandemic, the Group will strive to "consolidate its foundation", actively respond to changes in the market environment, continue to perform strict pandemic prevention and control, and focus on our business to enhance the internal growth of the enterprise.

In respect of the retail business, the Group will continue to adhere to the "customer-centric" business philosophy and "employee-centric" management philosophy, and make breakthroughs in transformation and upgrading; and will continue to focus on category management, promote category management learning, training, practice and application. The Group will reshape our partnership with the supply chain to enhance the core competitiveness of our retail business. The Group will integrate online and offline resources, take "consumer life calendar" as the main axle to improve sales.

In respect of the wholesale business, the Group will continue to improve the application of information technology so as to further improve our business with digital empowerment; continuously develop new sales channels and deepen cooperation with existing channels. The Group will formulate precised marketing plans to effectively drive the two-way participation of brand channels; pool the advantages of resources to support the introduction of brands by subsidiaries not incorporated in Beijing to enrich and improve the commodity structure of each sales territory, and accelerate the realisation of internal resource sharing, thus promoting the stable, healthy and sustainable development of the wholesale business of the Group.

EVENTS AFTER THE REPORTING PERIOD

On 26 August 2019, the Company issued corporate bonds (the "**Corporate Bonds**") in the aggregate amount of RMB400,000,000 with a term to maturity of 5 years. The holders of the Corporate Bonds are entitled to opt for selling all or part of the Corporate Bonds held by them back to the Company at par value at the end of the third year after the issuance. As all holders of the Corporate Bonds opted for such selling back at par value, the Company has settled the principal of all such Corporate Bonds together with handling fees to the holders of the Corporate Bonds at a total amount of RMB400,020,000 on 26 August 2022.

As at the date of this report, save as disclosed in this report, no other important events significantly affecting the operation and financial performance of the Group have occurred since 30 June 2022.



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 B.2.2 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 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 2022 unaudited interim consolidated results. The Audit Committee considered that this interim financial report for the six months ended 30 June 2022 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 2022, 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

Name	Capacity	Number of domestic shares held	Approximate percentage of total issued domestic shares (%)	Approximate percentage of total issued shares (%)
Zhang Liwei	Personal	400,100	0.17	0.10
Li Chunyan	Personal	505,992	0.22	0.12
Li Shenlin	Personal	430,100	0.19	0.10
Li Jianwen	Personal	2,022,579	0.88	0.49
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 2022, 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 2022, 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 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

Name	Total number of H shares held	Approximate percentage of total issued H shares (%)	Approximate percentage of total issued shares (%)
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

Notes:

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 2022, 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.



REPORT ON REVIEW OF COMPANY'S AND CONSOLIDATED FINANCIAL STATEMENTS

DaHua He Zi [2022] No. 0011688

TO THE SHAREHOLDERS OF BEIJING JINGKELONG COMPANY LIMITED:

We have reviewed the accompanying interim financial statements of Beijing Jingkelong Company Limited (the "Jingkelong Company"), which comprise the consolidated balance sheets and the balance sheets of the Company as at 30 June 2022, and the consolidated income statement and the income statement of the Company, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement and the statement of changes in shareholders' equity and the cash flow statement of the Company for the six-month period then ended and a summary of significant accounting policies and other certain explanatory notes. The management of the Company is responsible for the preparation of these interim financial statements. Our responsibility is to express a conclusion on the interim financial statements based on our review.

We conducted our review in accordance with "China Certified Public Accountant Review Standard No. 2101-Review of Financial Statement". Those standards require that we plan and perform the review to obtain limited assurance about whether the interim financial statements are free from material misstatement. A review of these interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements are not prepared in accordance with "Accounting Standard for Business Enterprises" and did not present fairly, in all material respects, Beijing Jingkelong Company Limited's financial position, results of operations and cash flows.

*Da Hua Certified Public Accountants
(Special General Partnership)*

*Chinese Certified Public Accountant: Wang Kaili
(Project partner)*

Chinese Certified Public Accountant: Sun Wenwen

*Beijing, China
25 August 2022*

(English translation is for reference only. Should there be any inconsistency between the Chinese and English version, the Chinese version shall prevail.)



CONSOLIDATED BALANCE SHEETS

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.6.30 (Unaudited)	2021.12.31 (Audited)
Current Assets:			
Cash and bank balances	V/1	1,036,276,864	1,125,814,037
Financial assets held for trading	V/2	421,507,123	—
Notes receivable	V/3	745,500	1,535,600
Accounts receivable	V/4	1,093,744,946	936,229,470
Prepayments	V/5	610,337,802	824,722,793
Other receivables	V/6	170,335,989	165,898,618
Inventories	V/7	1,354,216,576	1,618,527,017
Other current assets	V/8	150,249,077	174,255,461
Total current assets		4,837,413,877	4,846,982,996
Non-current Assets:			
Other non-current financial assets	V/9	96,653,610	104,782,276
Investment properties	V/10	157,187,789	161,533,071
Fixed assets	V/11	825,292,043	786,288,242
Construction in progress	V/12	155,096,372	152,597,710
Right-of-use assets	V/13	955,297,354	981,615,797
Intangible assets	V/14	281,932,468	265,128,095
Goodwill	V/15	86,673,788	86,673,788
Long-term prepaid expenses	V/16	200,014,596	245,441,646
Deferred tax assets	V/17	23,984,556	23,237,989
Other non-current assets	V/18	88,618,317	187,810,862
Total non-current assets		2,870,750,893	2,995,109,476
TOTAL ASSETS		7,708,164,770	7,842,092,472



CONSOLIDATED BALANCE SHEETS (Continued)

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.6.30 (Unaudited)	2021.12.31 (Audited)
Current Liabilities:			
Short-term borrowings	VI19	2,153,417,717	2,381,030,839
Notes payable	VI20	531,375,056	467,332,344
Accounts payable	VI21	842,764,281	740,337,043
Advances from customers	VI22	6,079,041	9,075,871
Contract liabilities	VI23	290,346,608	361,858,117
Payroll payable	VI24	1,597,764	1,545,319
Taxes payable	VI25	33,506,633	35,920,244
Other payables	VI26	279,053,487	198,824,807
Including: Interest payable	VI26	—	—
Dividends payable	VI26	50,335,849	5,333,891
Non-current liabilities due within one year	VI27	584,989,130	167,827,272
Other current liabilities	VI28	52,836,656	59,968,477
Total current liabilities		4,775,966,373	4,423,720,333
Non-current Liabilities:			
Bonds payable	VI29	—	403,545,776
Leases liabilities	VI30	887,441,687	897,255,777
Deferred income	VI32	23,388,087	26,720,324
Deferred tax liabilities	VI17	22,042,516	24,076,718
Total non-current liabilities		932,872,290	1,351,598,595
TOTAL LIABILITIES		5,708,838,663	5,775,318,928
Shareholders' equity:			
Share capital	VI33	412,220,000	412,220,000
Capital reserves	VI34	605,177,454	605,177,454
Surplus reserves	VI35	169,059,880	169,059,880
Undistributed profits	VI36	452,051,040	487,060,672
Total equity attributable to shareholders of the parent company		1,638,508,374	1,673,518,006
Minority interests		360,817,733	393,255,538
TOTAL SHAREHOLDERS' EQUITY		1,999,326,107	2,066,773,544
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,708,164,770	7,842,092,472

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



BALANCE SHEETS OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.6.30 (Unaudited)	2021.12.31 (Audited)
Current Assets:			
Cash and bank balances		256,085,581	289,252,296
Financial assets held for trading		150,539,384	—
Accounts receivable	XIII1	157,126,938	85,664,480
Prepayments		4,714,150	661,336
Other receivables	XIII2	508,920,918	420,225,552
Inventories		203,802,779	217,868,602
Other current assets		475,861,019	477,246,341
Total current assets		1,757,050,769	1,490,918,607
Non-current Assets:			
Long-term equity investment	XIII3	1,246,991,571	1,246,991,571
Investment properties		39,221,992	40,840,208
Fixed assets		555,991,193	577,358,412
Construction in progress		110,795,156	108,340,792
Right-of-use assets		496,514,685	484,074,757
Intangible assets		68,664,968	71,271,435
Long-term prepaid expenses		108,013,566	149,283,315
Deferred tax assets		13,663,914	13,304,136
Other non-current assets		6,970,773	6,866,129
Total non-current assets		2,646,827,818	2,698,330,755
TOTAL ASSETS		4,403,878,587	4,189,249,362



BALANCE SHEETS OF THE COMPANY (Continued)

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Item	Notes	Amount unit: RMB	
		2022.6.30 (Unaudited)	2021.12.31 (Audited)
Current Liabilities:			
Short-term borrowings		850,885,556	700,724,778
Accounts payable		544,133,324	511,630,906
Advances from customers		3,979,370	6,405,098
Contract liabilities		338,238,614	309,511,254
Payroll payable		1,202,645	1,165,280
Taxes payable		1,481,236	780,491
Other payables		108,675,109	111,669,747
Including: Interest payable		—	—
Dividends payable		158,563	101,291
Non-current liabilities due within one year		489,848,913	79,064,686
Other current liabilities		40,390,839	36,967,144
Total current liabilities		2,378,835,606	1,757,919,384
Non-current Liabilities:			
Bonds payable		—	403,545,776
Leases liabilities		464,578,931	440,620,166
Deferred income		19,404,042	21,904,475
Total non-current liabilities		483,982,973	866,070,417
TOTAL LIABILITIES		2,862,818,579	2,623,989,801
Shareholders' equity:			
Share capital		412,220,000	412,220,000
Capital reserves		615,293,521	615,293,521
Surplus reserves		145,282,646	145,282,646
Undistributed profits		368,263,841	392,463,394
TOTAL SHAREHOLDERS' EQUITY		1,541,060,008	1,565,259,561
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,403,878,587	4,189,249,362

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



CONSOLIDATED INCOME STATEMENT

Prepared by: BEIJING JINGKE LONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
I. Total operating income		5,332,502,257	5,847,335,159
Including: Operating income	VI37	5,332,502,257	5,847,335,159
II. Total operating costs		5,280,944,416	5,807,988,298
Including: Operating cost	VI37	4,245,279,923	4,761,064,778
Tax and surcharges	VI38	19,692,223	22,166,395
Selling expenses	VI39	812,418,882	810,606,731
Administrative expenses	VI40	136,157,000	139,213,617
Financial expenses	VI41	67,396,388	74,936,777
Add: Other Income	VI42	7,042,528	9,932,702
Investment income	VI43	1,785,996	–
Gains or losses on changes in fair value	VI44	(8,128,666)	23,871,554
Impairment losses on credits	VI45	(5,618,133)	(4,814,126)
Gains or losses on disposal of assets	VI46	527,328	2,493,194
III. Operating profit		47,166,894	70,830,185
Add: Non-operating income	VI47	2,463,804	8,743,744
Less: Non-operating expenses	VI48	24,878,952	9,833,272
IV. Total profit		24,751,746	69,740,657
Less: Income tax expense	VI49	19,286,537	27,132,507
V. Net profit		5,465,209	42,608,150
(I) Classified by business continuity			
1. Net profit from continued operations		5,465,209	42,608,150
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		(14,398,632)	26,589,237
2. Profit or loss attributable to minority interests		19,863,841	16,018,913



CONSOLIDATED INCOME STATEMENT (Continued)

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
VI. Net value of other comprehensive income after tax			
(I) Net value of other comprehensive income attributable to shareholders of the parent company after tax		—	—
1. Other comprehensive income which cannot be reclassified into profit or loss subsequently		—	—
(1) Remeasurement of changes in net defined benefit liabilities or assets		—	—
(2) Share in investees' other comprehensive income cannot be reclassified into profit or loss under equity method		—	—
2. Other comprehensive income which can be reclassified into profit or loss subsequently		—	—
(1) Share in investees' other comprehensive income can be reclassified into profit or loss under equity method		—	—
(2) Balancing arising from the translation of foreign currency financial statements		—	—
(II) Net value of other comprehensive income attributable to minority interests after tax		—	—
VII. Total comprehensive income		5,465,209	42,608,150
(I) Total comprehensive income attributable to shareholders of the parent company		(14,398,632)	26,589,237
(II) Total comprehensive income attributable to minority interests		19,863,841	16,018,913
VIII. Earnings per share			
(I) Basic earnings per share	V150	(0.03)	0.06
(II) Diluted earnings per share		N/A	N/A

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



INCOME STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
I. Total operating income	<i>XIII4</i>	1,836,098,020	1,778,578,446
Less: operating cost	<i>XIII4</i>	1,431,050,083	1,357,376,531
Tax and surcharges		11,037,110	10,503,683
Selling expenses		313,696,957	315,894,561
Administrative expenses		79,935,012	81,110,263
Financial expenses		12,864,371	18,615,077
Add: Other Income		5,202,798	6,719,311
Investment income	<i>XIII5</i>	25,373,793	23,955,540
Impairment losses on credits		—	10
Gains on disposal of assets		527,328	—
II. Operating profit		18,618,406	25,753,182
Add: Non-operating income		2,081,560	7,844,879
Less: Non-operating expenses		24,648,297	4,001,574
III. Total profit		(3,948,331)	29,596,487
Less: Income tax expense		(359,778)	2,498,730
IV. Net profit		(3,588,553)	27,097,757
1. Net profit from continued operations		(3,588,553)	27,097,757
2. Net profit from discontinued operations		—	—
V. Net value of other comprehensive income after tax		—	—
(I) Other comprehensive income which cannot be reclassified into profit or loss subsequently		—	—
1. Remeasurement of changes in net defined benefit liabilities or assets		—	—
2. Share in investees' other comprehensive income cannot be reclassified into profit or loss under equity method		—	—
(II) Other comprehensive income which can be reclassified into profit or loss subsequently		—	—
1. Share in investees' other comprehensive income can be reclassified into profit or loss under equity method		—	—
2. Foreign currency financial statement translation difference		—	—
VI. Total comprehensive income		(3,588,553)	27,097,757

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



CONSOLIDATED CASH FLOW STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
I. Cash flows from operating activities			
Cash received from selling goods and rendering services		5,646,346,615	6,108,306,563
Taxes and surcharges refunds received		319,984	—
Other cash received relating to operating activities	VI51	130,710,368	149,139,005
Subtotal of cash inflows from operating activities		5,777,376,967	6,257,445,568
Cash paid for purchasing goods and receiving services		4,207,981,304	5,019,891,251
Cash payments to and on behalf of employees		355,222,961	372,334,916
Taxes and surcharges paid		129,004,255	136,876,857
Other cash paid related to operating activities	VI51	349,178,921	345,114,005
Subtotal of cash outflows from operating activities		5,041,387,441	5,874,217,029
Net cash flow from operating activities		735,989,526	383,228,539
II. Cash flows from investing activities			
Cash received from investment		150,020,000	—
Cash received from investment income		4,461,317	—
Net cash received from disposal of fixed assets, and other long-term assets		612,621	1,234,618
Other cash received relating to investing activities	VI51	60,000,000	25,000,000
Subtotal of cash inflows from investing activities		215,093,938	26,234,618
Cash paid for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		103,984,656	38,110,682
Net cash paid for investment in subsidiaries and other business units and other business units		572,634,000	—
Other cash paid relating to investing activities	VI51	—	—
Subtotal of cash outflows from investing activities		676,618,656	38,110,682
Net cash flow from investing activities		(461,524,718)	(11,876,064)



CONSOLIDATED CASH FLOW STATEMENT (Continued)

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		1,462,842,159	2,056,388,530
Cash received from other financing activities	VI51	66,649,744	108,875,627
Subtotal of cash inflows from financing activities		1,529,491,903	2,165,264,157
Cash paid for repayments of liabilities		1,692,488,351	2,201,938,709
Cash paid for dividends, profits or interest payments		66,039,103	72,161,407
Including: Dividends and profits paid by subsidiaries to minority shareholders		7,356,960	22,085,856
Cash paid for other financing activities	VI51	130,517,626	223,779,214
Subtotal of cash outflows from financing activities		1,889,045,080	2,497,879,330
Net cash flow from financing activities		(359,553,177)	(332,615,173)
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		2,729,158	(243,147)
V. Net increase(decrease) in cash and cash equivalents		(82,359,211)	38,494,155
Add: Balance of cash and cash equivalents at the beginning of the year		1,018,462,092	1,032,858,750
VI. Balance of cash and cash equivalents at the end of the year		936,102,881	1,071,352,905

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



CASH FLOW STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
I. Cash flows from operating activities			
Cash received from selling goods and rendering services		1,807,060,535	1,839,348,744
Other cash received relating to operating activities		77,953,922	83,563,855
Subtotal of cash inflows from operating activities		1,885,014,457	1,922,912,599
Cash paid for purchasing goods and receiving services		1,455,553,189	1,560,863,145
Cash payments to and on behalf of employees		192,745,756	187,606,527
Taxes and surcharges paid		38,166,879	37,316,873
Other cash paid related to operating activities		102,005,427	114,816,007
Subtotal of cash outflows from operating activities		1,788,471,251	1,900,602,552
Net cash flow from operating activities		96,543,206	22,310,047
II. Cash flows from investing activities			
Cash received from investment		150,000,000	350,000,000
Cash received from investment income		43,427,543	23,955,540
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		200,716	335,758
Other cash received relating to investing activities		270,000,000	268,400,489
Subtotal of cash inflows from investing activities		463,628,259	642,691,787
Cash paid for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		24,488,922	21,192,115
Cash paid for investment		300,000,000	—
Other cash paid relating to investing activities		350,830,586	555,596,962
Subtotal of cash outflows from investing activities		675,319,508	576,789,077
Net cash flow from investing activities		(211,691,249)	65,902,710



CASH FLOW STATEMENT OF THE COMPANY (Continued)

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Item	Notes	Amount unit: RMB	
		2022.1.1- 2022.6.30 (Unaudited)	2021.1.1- 2021.6.30 (Unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		650,000,000	700,000,000
Subtotal of cash inflows from financing activities		650,000,000	700,000,000
Cash paid for repayments of liabilities		500,000,000	689,783,548
Cash paid for dividends, profits or interest payments		32,070,241	14,738,499
Cash paid for other financing activities		35,948,392	51,843,588
Subtotal of cash outflows from financing activities		568,018,633	756,365,635
Net cash flow from financing activities		81,981,367	(56,365,635)
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		(39)	4
V. Net increase(decrease) in cash and cash equivalents		(33,166,715)	31,847,126
Add: Balance of cash and cash equivalents at the beginning of the year		289,252,296	286,925,613
VI. Balance of cash and cash equivalents at the end of the year		256,085,581	318,772,739

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

	Six months ended at 30 June 2022 (unaudited)						
	Equity attributable to shareholders of the parent company						
Item	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance at the end of the prior period	412,220,000	605,177,454	-	169,059,880	487,060,672	393,255,538	2,066,773,544
Add: Changes in accounting policies	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000	605,177,454	-	169,059,880	487,060,672	393,255,538	2,066,773,544
III. Increase or decrease amount in the year	-	-	-	-	(35,009,632)	(32,437,805)	(67,447,437)
(i) Total comprehensive income	-	-	-	-	(14,398,632)	19,863,841	5,465,209
(ii) Contribution and reduction of shareholders' capital	-	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(iii) Profit contribution	-	-	-	-	(20,611,000)	(52,301,646)	(72,912,646)
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	(20,611,000)	(52,301,646)	(72,912,646)
4. Others	-	-	-	-	-	-	-
(iv) Internal transfer within shareholders' equity	-	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-
(v) Special reserve	-	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-	-
(vi) Other	-	-	-	-	-	-	-
IV. Balance at the end of the year	412,220,000	605,177,454	-	169,059,880	452,051,040	360,817,733	1,999,326,107

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Prepared by: BEIJING JINGKE LONG COMPANY LIMITED

Amount unit: RMB

Six months ended at 30 June 2021 (unaudited)							
Item	Equity attributable to shareholders of the parent company					Minority interests	Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits		
I. Balance at the end of the prior period	412,220,000	605,043,091	309,414	169,059,880	565,257,886	426,570,551	2,178,460,822
Add: Changes in accounting policies	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000	605,043,091	309,414	169,059,880	565,257,886	426,570,551	2,178,460,822
III. Increase or decrease amount in the year	-	-	-	-	(14,632,763)	(34,264,552)	(48,897,315)
(I) Total comprehensive income	-	-	-	-	26,589,237	16,018,913	42,608,150
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	(41,222,000)	(50,283,465)	(91,505,465)
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	(41,222,000)	(50,283,465)	(91,505,465)
4. Others	-	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-	-
IV. Balance at the end of the year	412,220,000	605,043,091	309,414	169,059,880	550,625,123	392,305,999	2,129,563,507

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Six months ended at 30 June 2022 (unaudited)					
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance at the end of the prior period	412,220,000	615,293,521	-	145,282,646	392,463,394	1,565,259,561
Add: Changes in accounting policies	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000	615,293,521	-	145,282,646	392,463,394	1,565,259,561
III. Increase or decrease amount in the year	-	-	-	-	(24,199,553)	(24,199,553)
(I) Total comprehensive income	-	-	-	-	(3,588,553)	(3,588,553)
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	(20,611,000)	(20,611,000)
1. Appropriation to surplus reserves	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	(20,611,000)	(20,611,000)
4. Others	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-
IV. Balance at the end of the year	412,220,000	615,293,521	-	145,282,646	368,263,841	1,541,060,008

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: Li Chunyan Chief Accountant: Wang Panzhou



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY (Continued)

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Six months ended at 30 June 2021 (unaudited)					
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance at the end of the prior period	412,220,000	615,293,521	-	145,282,646	445,150,402	1,617,946,569
Add: Changes in accounting policies	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000	615,293,521	-	145,282,646	445,150,402	1,617,946,569
III. Increase or decrease amount in the year	-	-	-	-	(14,124,233)	(14,124,233)
(I) Total comprehensive income	-	-	-	-	27,097,767	27,097,767
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	(41,222,000)	(41,222,000)
1. Appropriation to surplus reserves	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	(41,222,000)	(41,222,000)
4. Others	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-
IV. Balance at the end of the year	412,220,000	615,293,521	-	145,282,646	431,026,159	1,603,822,336

The notes as set out from page 33 to 108 form an integral part of the financial statements

The financial statements as set out from page 18 to 32 have been signed by

Legal Representative: Zhang Liwei Chief Financial Officer: LI Chunyan Chief Accountant: Wang Panzhou



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Unless otherwise specified, the unit of amount is RMB)

I. 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 (北京市工商局), the Company (formerly known as “Beijing Jingkelong Supermarket Chain Company Limited”) was established and the registered capital of the Company was 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 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 were 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 as at 30 June 2022.

The controlling shareholder of the Group is Beijing Chaofu State-owned Assets Administration Company Limited (“Chaofu Company”), which was established in China, and its original name was Beijing Chaofu Company Food Company, and was renamed as “Beijing Chaofu State-owned Assets Administration Company Limited” on 3 July 2020.

The consolidated financial statements of the Group and financial statements of the Company were approved by the board of directors on 25 August 2022.

II. BASIS FOR PREPARATION OF 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 No. 33 and revised by Ministry of Finance 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 Company Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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.

III. STATEMENTS OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES-BASIC STANDARD

The financial statements prepared by the Group have been in compliance with ASBE and truly and completely reflect the financial position of the Group as at 30 June 2022 and the operating results, cash flows and other relevant information of the Company for the 6 months ended at 30 June 2022. In addition, the Company has also disclosed relevant financial information required by the Company Ordinance of Hong Kong and the Listing Rules.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1 Accounting period

The Group adopts the calendar year as its accounting year from January 1 to December 31.

2 Business period

The normal operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Group regards 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

3 Functional currency

RMB is the currency of the primary economic environment where the Group and its domestic subsidiaries operate, and the Group and its domestic subsidiaries used RMB as the functional currency. The financial statements have been prepared in RMB.

4 Accounting treatment method for business combination under the same control and not under the same control

Business combination refers to a transaction or event in which two or more separate enterprises are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

4.1 Business combination under the same control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that obtains control of other participating companies on the combining date is the combining party, and the other participating companies are the combined party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

The assets and liabilities acquired by the combining party are measured at the book value of the combined party on the combining date. The difference between the book value of the net assets acquired by the merger and the book value of the combined consideration paid (or the total face value of the issued shares) is adjusted for the capital reserve (share premium); if the capital reserve (share premium) is not sufficient to offset, the retained earnings are adjusted.

The direct costs incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

4.2 Business combinations not under common control

Enterprises that participate in the merger are not under the same party or the same multiple parties' ultimate control before and after the merger, which is a business combination not under the same control. For a business combination not under the same control, the party that obtains control of other participating companies on the purchase date is the purchaser, and the other companies participating in the combination are the purchased party. The purchase date refers to the date on which the purchaser actually obtains control of the purchased party.



For a business combination not under the same control, the cost of the combination includes the assets paid by the purchaser to obtain control of the purchased party, the liabilities incurred or assumed, and the fair value of the equity securities issued on the purchase date. Intermediary expenses such as audits, legal services, evaluation and consulting, and other management expenses are included in the current profit and loss when incurred. The transaction cost of equity securities or debt securities issued by the purchaser as the merger consideration is included in the initial recognition amount of equity securities or debt securities. The contingent consideration involved is included in the merger cost based on its fair value at the date of purchase. If there is new or further evidence of the existing conditions on the purchase date within 12 months of the purchase date and the adjustment or consideration is required, adjust the merger accordingly reputation. The merger costs incurred by the purchaser and the identifiable net assets obtained in the merger are measured at the fair value at the date of purchase. The difference between the merger cost and the fair value share of the identifiable net assets of the acquired party acquired on the acquisition date is recognized as goodwill. If the merger cost is less than the fair value share of the identifiable net assets of the acquired party acquired in the merger, first of all, the measured fair value of the identifiable assets, liabilities and contingent liabilities of the acquired party and the measurement of the merger cost shall be reviewed. If the merger cost is still less than the fair value share of the acquiree's identifiable net assets obtained in the merger, the difference is included in the current profit and loss.

If the purchaser obtains the deductible temporary difference of the purchased party and fails to confirm the deferred income tax asset recognition condition on the purchase date, within 12 months after the purchase date, if new or further information is obtained indicating the purchase. The relevant situation on the day already exists. If the economic benefit brought by the deductible temporary difference on the purchase date is expected to be realized, the relevant deferred income tax assets are recognized, and the goodwill is reduced, and the goodwill is not offset enough. The difference is recognized as the current profit and loss; in addition to the above, if the deferred income tax assets related to the business combination are recognized, it is included in the current profit and loss.

Business combination under different control realized step by step through multiple transactions, according to the "Notice of the Ministry of Finance on Issuing the Interpretation of Accounting Standards for Enterprises No. 5" (Caikuai [2012] No. 19) and "Accounting Standards for Business Enterprises No. 33-Mergers" "Financial Statement" Article 51 on the "package deal" judgment criteria (see Note IV, 5(2)), to determine whether the multiple transactions belong to "package deal". If it belongs to a "package deal", refer to the previous paragraphs of this part and the notes IV.11 "Long-term equity investment" for accounting treatment; if it does not belong to a "package deal", distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost of the purchase date is taken as the initial investment cost of the investment; the equity of the purchaser held before the purchase date. If other comprehensive income is involved, the other comprehensive income related to the investment will be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest is transferred to the current investment income).



In the consolidated financial statements, the equity of the purchased party held before the purchase date is remeasured according to the fair value of the equity at the purchase date, and the difference between the fair value and its book value is included in the current investment income; held before the purchase date If the equity of the purchased party involves other comprehensive income, the other comprehensive income related to it should be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest are converted into the current investment income of the purchase date).

5 Preparation of consolidated financial statements

5.1 *Principles for determining the scope of consolidated financial statements*

The consolidation scope in consolidated financial statements is determined on the basis of control. The control refers to the power to influence the investee and participate in its operating activities to obtain benefits, the amount at which shall be effected by the power. The scope of consolidation financial statements includes the Company and all subsidiaries. The subsidiaries refer to the entity controlled by the Company.

The company will conduct a reassessment, once control related elements involved in the definition involved in the above cause the relevant facts and circumstances have changed.

5.2 *Method of preparing consolidated financial statements*

From the date of obtaining the net assets of the subsidiary and the actual control of the production and operation decision, the Group began to include it in the scope of consolidation; the inclusion of the scope of consolidation is suspended from the date of loss of actual control. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been properly included in the consolidated income statement and consolidated cash flow statement; Subsidiaries disposed of in the current period do not adjust the opening balance of the consolidated balance sheet. For subsidiaries that are not consolidated under the same control, the operating results and cash flows of the future purchases have been properly included in the consolidated income statement and consolidated cash flow statement, and the opening and closing figures of the consolidated financial statements are not adjusted. Subsidiaries that have increased business combinations under the same control and those that have been merged under the merger, the operating results and cash flows from the beginning of the current period to the date of consolidation have been properly included in the consolidated income statement and consolidated cash flow statement and adjust the comparison of consolidated financial statements at the same time.

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the company are inconsistent, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the company. For subsidiaries acquired from business combinations not under the same control, the financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.



The shareholder's equity of the subsidiary and the portion of the current net profit or loss that is not owned by the Company are separately presented as minority shareholders' equity and minority shareholders' gains and losses in the consolidated financial statements under shareholders' equity and net profit. The portion of the subsidiary's current net profit or loss that belongs to minority shareholders' equity is presented as "minority shareholder gains and losses" under the net profit item in the consolidated income statement. The loss of a subsidiary shared by a minority shareholder exceeds the share of the minority shareholder's equity at the beginning of the subsidiary, and it still reduces the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured according to its fair value on the date of loss of control. The sum of the consideration for the disposal of the equity and the fair value of the remaining equity, less the difference between the share of the original shareholding and the share of the net assets that the original subsidiary has continued to calculate from the date of purchase, which is included in investment income of loss of control in the current period. Other comprehensive income related to the original subsidiary's equity investment shall be treated on the same basis as the directly disposed of the relevant assets or liabilities of the purchased party when the control is lost, that is, in addition to the re-measurement of changes in the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest will be converted into current investment income. Thereafter, the remaining equity of the part is subsequently measured in accordance with the relevant provisions of the "Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". For details, refers to Note IV., 11 "long-term equity investment" or this Note IV. 8 "financial instruments".

If the Company disposes of the equity investment in the subsidiary through multiple transactions until it loses control, it shall distinguish whether the transactions dealing with the equity investment of the subsidiary until the loss of control are a package transaction. The terms, conditions, and economic impact of each transaction for the disposal of equity investments in subsidiaries are consistent with one or more of the following conditions, and generally indicate that multiple transactions should be accounted for as a package transaction: ① These transactions are concluded at the same time or with consideration of each other's influence; ② These transactions as a whole can achieve a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ A transaction alone is not economical, but it is economical when considered together with other transactions. If it is not a package transaction, each of the transactions shall be partially disposed of in the long-term equity of the subsidiary in accordance with "without loss of control" (refers to Note IV, 11, (2) ④). The accounting principle is applied to the principle that "the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons" (mentioned in the previous paragraph). Disposal of the equity investment in a subsidiary until the loss of control is a package transaction, and the transactions are treated as a transaction that disposes of the subsidiary and loses control; However, the difference between the disposal price and the disposal investment before the loss of control and the share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and it is transferred to the current profit and loss of loss of control when the control is lost.

6 Recognition criteria of cash and cash equivalents

Cash and cash equivalents of the Group comprise cash, deposits that can be readily withdrawn on demand, short-term (usually within a period of 3 months from purchase date on) and highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of change value.



7 Foreign currency transactions

The foreign currency transactions are, on initial recognition, translated to the functional currency at the spot exchange rate on the dates of transactions, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The exchange difference arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate on initial recognition or at the previous balance sheet date is recognized in profit or loss for the period.

8 Financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to a financial instrument contract.

8.1 *Classification, confirmation and measurement of financial assets*

The Group classifies financial assets according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss; for other categories of financial assets, the related transaction costs are included in the initial recognition amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not contain or consider the significant financing components, the Group determines the amount of the consideration to be received as the initial recognition amount.

8.1.1 *Financial assets measured at amortized cost*

The business model of the Group's management of financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The Group's financial assets are subsequently measured at amortized cost using the effective interest method. The gains or losses arising from amortization or impairment are recognized in profit or loss.

8.1.2 *Financial assets measured at fair value through other comprehensive income*

The Group's business model for managing such financial assets is to target both the collection of contractual cash flows and the sale, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Group's financial assets are measured at fair value through profit or loss. The impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest method are recognized in profit or loss.

In addition, the Group designates certain non-tradable equity instrument investments as financial assets measured at fair value through other comprehensive income. The Group's related dividend income of such financial assets is included in the current profit and loss, and changes in fair value are included in other comprehensive income. When the financial assets are derecognized, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings, which are not recognized in profit or loss.



8.1.3 *Financial assets measured at fair value through profit or loss*

The Group classifies financial assets that are measured at fair value through financial assets that are measured at fair value through profit or loss. In addition, in the initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group designates certain financial assets as financial assets measured at fair value through profit or loss. For such financial assets, the Group adopts fair value for subsequent measurement, and changes in fair value are included in profit or loss for the current period.

8.2 ***Classification, confirmation and measurement of financial liabilities***

Financial liabilities are classified as financial liabilities and other financial liabilities at fair value through profit or loss. For financial liabilities measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss. The related transaction expense of other financial liabilities is included in the initial recognition amount.

8.2.1 *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss, including financial liabilities (including derivatives that are financial liabilities) and financial liabilities that are designated at fair value through profit or loss.

Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. In addition to related to hedge accounting, changes in fair value are recognized in profit or loss.

Financial liabilities designated as at fair value through profit or loss, the change in fair value of the liability caused by changes in the Company's own credit risk is included in other comprehensive income. When this financial liabilities is derecognition, the accumulated changes in fair value arising from changes in its own credit risk, which are included in other comprehensive income, are transferred to retained earnings. The remaining changes in fair value are included in the current profit and loss. If adopted the method mentioned before, the impact of changes in the financial liabilities' own credit risk will cause or expand the accounting mismatch in profit and loss, and the Group accounts for the entire gain or loss of the financial liability (including the impact of changes in the company's own credit risk) to the current profit and loss.

8.2.2 *Other financial liabilities*

Financial liabilities other than financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gain or loss arising from derecognition or amortization is included in the current profit and loss.

8.3 ***The recognition and measurement of financial assets***

The transfer of financial assets is conformed to criteria of derecognition, when one of following conditions are met: ① The termination of a contractual right to collect cash flow from a financial asset shall terminate the recognition of the financial asset. ② If the Group has transferred almost all risks and rewards on the ownership of financial assets to the transferee, it should also derecognize the financial assets. ③ Although the Group has not transferred or remained almost all risks and rewards on the ownership of financial assets to the transferee, they gave up the control of the financial assets, thus, it should also derecognize the financial assets.



If the entity has neither transferred nor remained almost all risks and rewards on the ownership of financial assets, and they do not give up the control of the financial assets, they confirm relevant financial assets and financial liabilities in accordance with the extent of continuing involvement in the transferred financial assets. The extent of continuing involvement in the transferred financial assets is the risk level faced by the enterprise resulting from changes in value of financial asset.

If the overall transfer of the financial assets meets the conditions for derecognition, the difference between the carrying amount of the transferred financial assets and the combination of the consideration received from the transfer and the accumulated changes in the fair value of other comprehensive income is recognised in profit or loss.

If a partial transfer of the financial assets meets the conditions for derecognition, the carrying amount of the transferred financial assets is allocated between derecognized portion and non-derecognized portion based on respective fair values. In addition, the difference between the carrying amount mentioned above and the combination of the consideration received from the transfer and the accumulated changes in the fair value that are allocated to derecognized portion and were recognized previously in other comprehensive income is recognized in the profit or loss.

For financial assets sold with recourse or endorsement and discount of holding financial assets, the Group has to determine whether almost all risk and reward of ownership of these financial assets have been transferred. If almost all risk and reward of ownership of a financial asset have been transferred to transferee, this financial asset is derecognized; if almost all risk and reward of ownership of a financial asset have been reserved, this financial asset is not derecognized; if almost all risk and reward of ownership of a financial asset have been neither transferred nor reserved, then the Group has to further confirm whether the Group keeps control of this asset, and carries out accounting treatments based on the principles mentioned in each paragraph above.

8.4 *The derecognition of financial liabilities*

Once the present obligation of financial liabilities (or parts of them) has been lifted, financial liabilities (or parts of them) of the Group has been derecognized. The Group (borrower) enters into an agreement with the lender to replace the original financial liabilities in the form of new financial liabilities, and the new financial liabilities are substantially different from the original financial liabilities, and the original financial liabilities are derecognition and a new financial liability is recognized. The Group makes substantial changes on contractual terms of original financial liabilities (or parts of them), then they derecognize the original financial liabilities and confirm a new financial liability in accordance with the revised terms.

The difference between the carrying amount of financial liabilities (or parts of them) and consideration paid (including transferred non-cash assets or liabilities) is recognized in profit or loss, when financial liabilities (or parts of them) are derecognized.

8.5 *Offset of financial assets and financial liabilities*

The Group has statutory rights to offset recognized financial assets and financial liabilities, and currently enforces this legal right, at the same time, the Group plans to settle the financial assets on a net basis or simultaneously and liquidate the financial liabilities, financial assets and financial liabilities are presented in the balance sheet at offsetting amounts. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset in the other situation.



8.6 Method for determining the fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the financial instructions have an active market, the fair value will be evidenced by a quoted price in an active market. Specifically, the quoted price in an active market refers to price that are readily available from exchanges, brokers, industry associations, pricing services and others, and it represents the price of a market transaction that actually occur in a fair trade. If the financial instructions have no active market, the fair value will be evidenced by a valuation technique that uses only data from observable markets. Valuation techniques include reference to the price used in recent market transactions by parties familiar with the situation and voluntary transactions, with reference to the current fair value of other financial instructions that are substantially identical, discounted cash flow methods and option pricing models. When it is valuation, the Group adopts valuation techniques that are applicable in the current circumstances and that are sufficiently supported by data and other information, which used to select the characteristics of the assets or liabilities to be considered in relation to the market participants' transactions in the relevant assets or liabilities, and use the relevant observable input values as much as possible. However, unallowable values will be used, if the relevant observable input values are not available or are not practicable.

8.7 Equity instrument

Equity instrument refers to a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Group issues (including refinancing), repurchases, sells or writes off equity instruments as changes in equity. Transaction costs associated with equity transactions are deducted from equity.

The Group's various distributions of equity instrument holders (excluding stock dividends) reduce shareholders' equity. The Group does not recognize changes in fair value of equity instruments.

9 Impairment of financial assets

The financial assets that the Group needs to recognize impairment loss are financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, lease receivables, which mainly includes notes receivable, accounts receivable, other receivables, debt investment, other debt investment, and long-term receivables. In addition, for contract assets and parts of financial guarantee contracts, impairment provision should also be made and credit impairment losses recognized in accordance with the accounting policies described in this section.

9.1 Recognized method for impairment provision

Based on the expected credit losses, the Group makes provision for impairment and recognizes credit impairment losses for each of the above items in accordance with its applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).



General approach for the measurement of expected credit losses refers that the Group assesses whether the credit risk of financial assets ((including other applicable items such as contract assets, the same below) has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Group measures the loss preparation according to the amount equivalent to the expected credit loss during the entire life period; if the credit risk has not increased significantly since the initial recognition, the Group measures the loss provision based on the amount of 12-month expected credit losses. The Group considers all reasonable and evidenced information, including forward-looking information, when assessing expected credit losses.

For financial instruments with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, it choose to measure loss based on 12-month expected credit losses/not choose a simplified approach, according to whether the credit risk has increased significantly since the initial confirmation, the loss is prepared based on the expected credit loss amount in the next 12 months or the whole life period.

9.2 *Judgment criteria for whether credit risk has increased significantly since initial recognition*

If the probability of default of a financial asset on the estimated duration of the balance sheet is significantly higher than the probability of default during the estimated duration of the initial recognition, the credit risk of the financial asset is significantly increased. Except for special circumstances, the Group uses the change in default risk occurring within the next 12 months as a reasonable estimate of the change in default risk throughout the life period to determine whether the credit risk has increased significantly since the initial recognition.

9.3 *Combined method for assessing expected credit risk based on portfolio*

The Group evaluates credit risk individually for financial assets with significantly different credit risks, such as: receivables from related parties; and has disputes with the other party or receivables involving litigation or arbitration; there are clear indications that the debtor is likely to be unable to meet the repayment obligations of the receivables.

In addition to individual financial assets that assess credit risk, the Group classifies financial assets into different groups based on common risk characteristics and evaluates credit risk on a portfolio basis.



9.4 Accounting treatment of financial assets impairment

At the end of the period, the Group calculates the expected credit losses of various financial assets. If the estimated credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as the impairment loss; if it is less than the carrying amount of the current impairment provision, the difference is recognized as the impairment gain.

9.5 Method for determining the credit losses of accounts receivable and other receivables

9.5.1 Accounts receivable

For receivables that do not contain significant financing components, the Company measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

For receivables with significant financing components, the Company chooses to always measure the loss provision based on the amount of expected credit losses during the lifetime.

In addition to individual accounts receivable for assessing credit risk, they are classified into different combinations based on their credit risk characteristics:

Item	Determine the basis for the combination
Aging of accounts receivable portfolio	This combination is based on the age of receivables as a credit risk feature.

9.5.2 Other receivable

The Group measures the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk of other receivables has increased significantly since the initial recognition. In addition to other receivables that assess credit risk individually, they are classified into different combinations based on their credit risk characteristics:

Item	Determine the basis for the combination
Aging of other receivable portfolio	This combination is based on the age of other receivables as a credit risk feature.



10 Inventories

10.1 Classification of inventories

Inventories include raw materials, goods in product, low value consumables and goods in stocks, etc.

10.2 The measurement of inventories received and issued

The inventory is initially measured at the actual cost; Inventory costs comprise costs of purchase, costs of conversion and other costs. Cost of sales is determined using First in first out.

10.3 Recognition of the net realizable value and measurement of provision for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value of the inventory is lower than the cost, a provision for decline in value of inventories is recognized. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The Group determines the net realizable value of inventories based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the effect of events occurring after the balance sheet date.

For the inventory with tremendous number and relatively low unit price, the decline in value of inventories is provided according to the type of inventory; for other inventories, the decline in value of inventories is provided at the difference of the cost of a single inventory item exceeding its net realizable value. After the provision of decline in value of inventories is made, if the circumstances that caused the value of the inventory to be written down below cost no longer exist so that the net realizable value is higher than the carrying amount, the original provision for decline in value is reversed and the reversed amount is recognized in profit or loss for the period.

10.4 The stock count system for inventories is the perpetual inventory system

10.5 Amortization methods of low-value consumables

Low-value consumables are written off in full when issued for use.

11 Long-term equity investments

A long-term equity investment is the long-term equity investment of the Group that is able to control, jointly control or significantly influence on the investee. The long-term equity investment of the Group that is not able to control, jointly control or significantly influence on the investee is recognized as the held-for-sale financial asset or the financial asset measured at fair value through profit or loss. The related accounting policies refers to Note IV, 7 financial instruments.

11.1 Determination of investment cost

For a long-term equity investment acquired by a business combination involving enterprises under common control, the initial investment cost of long-term equity investment is the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of ultimate controlling party at the acquisition date. For a long-term equity investment acquired by a business combination involving enterprises not under common control, the initial investment cost is the cost of acquisition. The long-term equity investment through means other than a business combination is initially measured at its cost.



11.2 Subsequent measurement and recognition of profit or loss

The long-term equity investment that is able to jointly control or significantly influence in the investee adopts the equity method. In addition, the financial statement of the Company adopts the cost method for the long-term equity investment that is able to control over the investee.

11.2.1 A long-term equity investment accounted for using the cost method

Under the cost method, a long-term equity investment, on its initial recognition, is measured as cost and adjusted according to the amount of additional investment or disinvestment. Except for cash dividends or profits which include in actual payment or consideration as the Group obtains the investment but have not been paid, the investment income for the period is recognized according to cash dividends or profits declared to distribute by the investee

11.2.2 A long-term equity investment accounted for using the equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserves the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its investees which represent impairment losses on the transferred assets are not eliminated.

11.2.3 Acquisitions of minority interest

When the Group prepares the consolidated financial statements, the difference between the long-term equity investment arising from the acquisition of minority interest and shares of the subsidiary's net assets attributable to the Company which are continuously calculated from the purchase date (or the acquisition date) based on new additional proportions of shares is used to adjust capital reserves, if capital reserves are not sufficient to be written down, the retained earnings shall be adjusted.



11.2.4 Disposals of long-term equity investment

In consolidated financial statements, when the parent company disposes a part of a long-term equity investment without losing power of control, the difference between its disposal price and its subsidiary' net assets attributable to the Company corresponding to the disposal of long-term equity investment is recorded in owner's equity. For other circumstances of disposing of a long-term equity investment, the difference between its carrying amount and actual purchase price is recorded in profit or loss for the period.

12 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both, including rented land use right, land use right which is held and prepared for transfer after appreciation, and rented building.

The initial measurement of the investment properties shall be measured at its actual cost. The follow-up expenses pertinent to the investment properties shall be included in the cost of the investment properties, if the economic benefits pertinent to this real estate are likely to flow into the enterprise, and, the cost of the investment properties can be reliably measured. Otherwise, they should be included in the current profits and losses upon occurrence.

The Group adopts the cost model for subsequent measurement of investment properties, and the depreciation or amortization policies are consistent with that of building and land use right.

When an investment properties is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

13 Fixed assets

13.1 Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. Fixed assets are only recognized when the related economic benefits probably flow to the Group and the cost can be reliably measured. Fixed assets are initially measured at cost as well as taking into account the effect of estimated disposal costs.

13.2 Method for depreciation of different fixed assets

Fixed assets are depreciated on straight-line basis over their estimated useful lives from the month after they are brought to working condition for the intended use. The useful lives, estimated net residual values and annual depreciation rates of each category of fixed assets are as follows:

Category	Useful life (year)	Residual value (%)	Annual depreciation (%)
Buildings	20-35	3-4	2.74-4.85
Machinery and equipment	5-10	3-5	9.50-19.40
Office equipment	5	3-5	19.00-19.40
Vehicles	5-8	3-4	12.00-19.40

Estimated net residual value is the amount which would be obtained from the disposal of the assets after deducting of estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.



13.3 Recognition, measurement method of fixed assets leased under finance leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Consistent depreciation policies are adopted to finance leased fixed assets. Leased fixed assets are depreciated over the estimated useful lives when it is reasonably determined that the ownership of the asset will be obtained after the lease term is over. Otherwise, the leased assets are depreciated over the shorter period between the lease term and the estimated useful lives of the assets.

13.4 Other explanations

Subsequent expenditures incurred for a fixed asset are recognized in the cost of fixed assets when the associated economic benefits will probably flow to the Group and the related cost can be reliably measured, and the carrying amount of replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

A fixed asset is derecognized on disposal or when no economic benefits are expected from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method at least at each financial year-end. A change in the useful life, estimated net residual value of a fixed asset or the depreciation method shall be accounted for as a change in accounting estimate.

14 Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

15 Borrowing costs

Borrowing costs include interest expenses, amortization of discount or premium, auxiliary expenses, exchange differences arising from foreign currency borrowings etc. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The qualifying assets to be capitalized are fixed assets, investment properties and inventories which need to be acquired, constructed or produced through a long period of time, in order to become ready for its intended use or sale.



Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed.

16 Intangible assets

Intangible assets include land use right, software development costs and distribution network software.

Intangible assets are initially measured as cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized using straight line method over its estimated useful life.

For an intangible asset with a finite useful life, the useful life and amortization method shall be reviewed at the period end, and the adjustments shall be made if necessary.

The useful lives and the amortization method are as follows:

Item	Useful lives	Amortization method
Land use rights	33-50 years	Straight line method
Software	5-10 years	Straight line method
Operating rights of distribution network	5-10 years	Straight line method

17 Long-term prepaid expenses

Long-term prepaid expenses are expenses which have occurred but shall be amortized over the reporting period and subsequent periods of more than one year long-term prepaid expenses shall be amortized evenly over expected benefit periods.

18 Long-term assets impairment

For non-current and non-financial assets such as fixed assets, work in progress, intangible assets with a finite useful life, investment properties measured at cost, long-term equity investment of joint ventures and associated enterprises and leases right-of-use asset etc., the Group assesses if any of them is impaired at the balance sheet date. If there is any evidence indicating that an asset is impaired, recoverable amounts shall be estimated for impairment test. Goodwill and intangible assets with a uncertainty useful life and intangible assets which have not reach work condition shall be tested for impairment annually regardless of whether there is any evidence indicating that the assets have been impaired.

If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is determined based on the sales price agreed in an arm's length transaction. When no sales agreement but the active market of an asset is available, its fair value is determined according to a buyer's bid. When no sales agreement and the active market of an asset are available, its fair value is estimated on the basis of best information which is can be obtained. The disposal expenses include asset- related legal expenses, relevant taxes, handling fees and direct costs incurred for the asset intended sale. The present value of expected future cash flows of an asset is the amount that an asset's expected future cash flows arising from its continuous use and final disposal are discounted at an appropriate rate. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.



Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of other assets.

An impairment loss recognized on the assets mentioned above shall not be reversed in the subsequent period.

19 Employee benefits

Employee benefits mainly include short-term employee benefits, post-employment benefits and resignation benefits.

Short-term benefits include salaries, bonuses, allowance and benefits, employee benefits, medical insurance, maternity insurance, work injury insurance, housing fund, labor union running costs and employee education cost and non-monetary benefits etc. Actual short-term benefits are recognized as liabilities during the accounting period when employees render services and are charged into profit or loss for the period or capitalized in costs of related assets. Non-monetary benefits are measured at fair value.

All post-employment benefits of the Group are defined contribution plan. The amounts to be contributed under defined contribution plan are recognized as liabilities during the accounting period of when employees render service and are charged into profit or loss for the period or capitalized in costs of related assets.

20 Revenue

The revenue is recognized when the customer obtains control of the relevant commodity, and the contract between the Group and the customer meets the following conditions: All parties have approved the contract and have committed to perform their obligations; The contract identifies the rights and obligations of the parties relating to the goods transferred or the provision of services; The contract has a clear payment terms associated with the transferred goods; The contract has commercial substance, which means the contract will change risk, time distribution or amount of the future cash flows; The consideration that the Group is entitled to for the transfer of goods to customers is likely to be recovered.

From the effective date of the contract, the Group identifies each individual performance obligations and allocates the transaction price proportionally to each individual performance obligation based on the relative proportion of the individual selling price of the commodities promised by each individual performance obligation. When determining the transaction price, the impact of variable consideration, major financing components in the contract, non-cash consideration, and customer consideration are considered.



For each individual performance obligation in the contract, the Group will recognize the transaction price allocated to the individual performance obligation as revenue in accordance with the performance progress period during the relevant performance period, if one of the following conditions is met: the customer obtains and consumes the economic benefits of the Group's performance as the Group perform it; the customer can control the products under construction in the course of the Group's performance; The goods produced during the performance of the Group have irreplaceable uses and the Group has the right to receive payments for the portion of the performance that has been completed to date. In addition, the performance of the contract is determined by the input method or the output method according to the nature of the transferred goods. When the performance of the contract cannot be reasonably determined, if the expenses incurred by the Group are expected to be compensated, the revenue will be recognized according to the amount of costs incurred until the performance of the contract can be achieved reasonably.

If one of the above conditions is not met, the Group will distribute the transaction price confirmation revenue of the individual performance obligation when the customer obtains control of the relevant commodity. When determining whether the customer has obtained control of the commodity, the Group will consider the following situations: the Group has the current right to collect the goods, which means that the customer has a current payment obligation for the goods; the Company has transferred the legal title of the item to the customer, which means that the customer has already own the legal title of the item; the Group has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind; the Group has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods; the customer has accepted the goods. The other indications that the customer has obtained control of the goods.

20.1 Revenue from sales of goods

The Group's merchandise sales are mainly divided into retail sales and wholesale sales. Revenues of retail sales are recognized, when goods are sold to customers, the customers receive the goods, and the Group collects payments of goods or has a right to collect payments of goods; in addition, revenue of wholesale sales are recognized, when the goods are sent to clients and the clients check, receive and confirm the goods, and the Group collects payments of goods or has a right to collect payments of goods.

As for the business that selling goods with award credits for customers, when selling the goods, the Group will apportion the purchase price or the receivables of the goods between the income from the sale of the goods and the individual sales price determined by the award credits, and The amount of the purchase price or the receivables minus the bonus points shall be recognized as revenue. The award credits shall be recognized as deferred income.

When a customer redeems the award credits, the Group reclassifies the amount associated with the credits redeemed from deferred income to revenue. The amount of revenue recognized is based on the number of award credits that have been redeemed in exchange for awards, relative to the total number of award credits expected to be redeemed.



20.2 Revenue from rendering of services

When the amount of revenue from rendering of services can be reliably measured, the associated economic benefits probably flow into the Group, the stage of completion of the transaction can be measured reliably and the costs incurred and to be incurred for the transaction can be measured reliably, the revenue from rendering of services is recognized.

Where the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be compensated, and the service costs incurred are regarded as the current cost; if the service costs incurred are not compensated as anticipated, no revenue is recognized.

Revenue from service of the Group mainly includes the promotional activities. When the various services have been provided and related economic benefit probably flow into the enterprise, revenue from provision of service is recognized.

20.3 Rental Income

The operating leases of the Group as a lessor mainly include leasing, sublease of properties and counters, etc., using the straight-line method or other systematic and reasonable methods to recognize the lease receipts from operating leases as rental income during each period of the lease term. The initial direct costs related to operating leases are capitalized when incurred and included in the current profit and loss in installments on the same basis as the confirmation of rental income throughout the lease period. Obtained variable lease payments related to operating leases that are not included in the lease receipts are included in the current profit and loss when they actually occur.

21 Government grants

Government grants are transfers of monetary assets and non-monetary assets from the government to the Group, which do not include any capital contribution from the government as an investor. Government grants include government grants related to assets and government grants related to income. The Group defines government grants that are acquired for the acquisition or otherwise formation of long-term assets as government grants related to assets, and the rest of them are defined as government grants related to income. If the government documents do not have a specific classification, the grants will be divided into government grants related to assets and government grants related to income by the following methods: (1) the government documents confirm the specific programme of the grants, according to the proportion, which based on the grants expend on assets and expenses separately in the specific programme's budget, it is used to divide the government grants. Meanwhile, the division ratio will be reviewed at each balance sheet date and changed it if necessary. (2) The government documents do not confirm the specific programme and only have a general explanation for the programme, which will be regard as government grants related to income. If a government grant is a transfer of a monetary asset, it is measured at amounts received or receivable, otherwise, a non-monetary asset will be measured at fair value. If the fair value is not accurate, the grant is measured at nominal amount and credited to the current profit or loss.



The government grants of the Group are normally recognized and measured at the moment they are actually received. However, if they have conclusive evidence to prove that they can correspond the relevant provisions of the financial support policies and they will receive the financial support funds in the future, it is measured by the amount of money receivable. The government grants that measured by the amount of money receivable will meet the following conditions simultaneously: (1) the amount of receivables have been confirmed by the documents, which issued by the related authorities of the government, or the Group calculate reasonable receivables depending on the relevant provisions of officially released Measures for the Administration of Financial Funds, as well as, there is no significant uncertainty about the amount; (2) According to the regulations based on 'Government Information Disclosure Ordinance' issued by local finance department officially, the financial support project and Measures for the Administration of Financial Funds should be initiative publicly. The formulation of this management approach is general and benefit for all enterprise, instead of a specific enterprise, which means the company who meets the specified conditions can apply it; (3) the approval of the related grants has promised the disbursement period, and the payment is guaranteed by the corresponding budget. Thus, they have a reasonable guarantee about the grants and will receive them within the prescribed time.

A government grant related to assets is recognized as deferred income, it is allocated to the profit or loss for the period over the useful life of related assets reasonably and systematically, or offset the book value of related assets. For a government grant related to income, if the grant is a compensation for related expenses and losses to be incurred in subsequent periods, the grant is recognized as deferred income and charged in the profit or loss over the period in which the related costs are recognized, or offset the related cost; if the grant is a compensation for related expenses and losses already incurred, the grant is recognized immediately in profit or loss for the current period, or offset the related cost.

At the same time, if the government grants contain both assets related and income related, the accounting treatment will depend on the different parts of government grants; if it is difficult to distinguish, the whole government grants are classified as the income-related government grants.

The government grants related to daily activities of the Group relying on the essence of economic business, the grant is recognized in other income or offset related expenses of cost, otherwise, recognized in non-operating income or non-operating expenses.

When the government grants that confirmed by the Group required to be returned, if they have the balance of related deferred income, they can offset the book value of them, the other government grants are classified as current profits and losses or adjust the book value of the assets. If not, the government grants are included in the current profits and losses directly.

22 Deferred tax assets and deferred tax liabilities

22.1 Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. The taxable income used for calculation of current income tax is calculated based on the current period adjusted taxable profit in compliance with the regulation of taxation law.



22.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For taxable temporary difference which is related to the initial recognition of goodwill and the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profits or taxable income (or deductible losses), a deferred tax liability is not recognized. In addition, for deductible temporary difference arising from investments in subsidiaries, associates and joint ventures, the Group shall recognize a deferred tax liability for all taxable temporary difference except to the extent that the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary difference which is related to the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or taxable income (or deductible losses), a deferred tax asset is not recognized. In addition, for deductible temporary difference arising from investments in subsidiaries, associates and joint ventures, the Group shall recognize a deferred tax asset for other deductible temporary difference to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be deducted except to the extent that it is not probable that the temporary difference will reverse in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be deducted.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable income will be available in the future to allow the benefit of deferred tax assets to be deducted. Such reduction in amount is reversed when it is probable that sufficient taxable income is available.

22.3 Income tax

Income tax comprises current and deferred tax.

Income tax is recognized as an income or an expense and included in the income statement for the current period, except to the extent that the current income tax related to a transaction or events which is recognized under other comprehensive income or directly recorded in equity, deferred tax recorded under other comprehensive income or equity, and deferred tax arises from a business combination that have impact on the carrying value of goodwill.



22.4 Offsetting of income taxes

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

23 Lease

Leases are defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

23.1 The Group as a lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability, except for short-term leases that simplify processing and low-value asset leases.

The right-of-use asset measured Initially at cost, the cost of the right-of-use asset shall comprise: ① the amount of the initial measurement of the lease liability; ② any lease payments made at or before the commencement date, less any lease incentives received; ③ any initial direct costs incurred by the lessee; ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The straight-line method is used by the Group to withdraw depreciation of the right-of-use assets based on the lease term specified in the lease contract from the lease start date; and the Group determines whether the right-of-use asset is impaired in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets" and accounts for the recognized impairment losses (refer to Note IV. 18 "Long-term asset impairment").

A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments is the payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the following: ① fixed payments (including in-substance fixed payments), less any lease incentives; ② variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; ③ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and ④ payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. ⑤ amounts expected to be payable by the lessee under residual value guarantees. The Group calculates the interest expense of the lease liability for each period of the lease term according to a fixed periodic interest rate, and it is included in the current profit or loss or capitalized into the value of the relevant assets.

The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss or related asset costs in the period in which they are incurred.

For short-term leases and low-value assets leases, the Group has chosen to simplify the processing and to include the relevant asset costs or current profits and losses in a straight-line method or other systematically reasonable method during each period of the lease term.



When the lease scope, lease consideration, and lease term change other than the original contract terms occur, the Group will treat the lease change as a separate lease or as a separate lease for accounting treatment. When it is not a separate lease, the company re-measures the lease liability based on the present value of the lease payment and the revised discount rate on the effective date of the lease change, and adjusts the book value of the right-of-use asset accordingly. The book value of the right-of-use asset has been reduced to zero. However, if the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

All lease contracts of the Group, as long as they meet the scope and conditions of the “Regulations on Accounting Treatment of Rental Concessions Related to the New Coronary Pneumonia Epidemic” (Cai Kuai [2020] No. 10), that is the lease consideration after concession is reduced or basically unchanged from before the concession; the concession is only for the lease payments payable before 30 June 2022; after considering qualitative and quantitative factors, it is determined that there are no major changes in other terms and conditions of the lease, the following simplified methods will be adopted for rent reductions, deferred payment, and other rent reductions since 1 January 2020:

Continue to calculate the interest expense of the lease liability at the same discount rate as before the reduction and include it in the current profit and loss, continue to use the same method as before the reduction to withdraw depreciation and other subsequent measurement of the right-of-use asset. The Group treats the reduced or exempted rent as a variable lease payment. When the original rent payment obligation is reached, such as a reduction agreement, the cash amount is discounted at the discount rate before reduction to offset the relevant asset costs or expenses, and the lease liability is adjusted accordingly; If the payment of rent is delayed, the lease liability recognized in the previous period shall be offset when the actual payment is made.

23.2 The Group as a lessor

23.2.1 The classification of leases

A lessor shall classify each of its leases as either a finance lease or an operating lease, based on the substance of the transaction at the commencement date. A finance lease refers to that a lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is the other lease that except a finance lease.

23.2.2 Operating leases

A lessor shall recognise lease payments from operating leases as rental income for each period of the lease term on either a straight-line basis or another systematic basis. The initial direct costs related to operating leases are capitalized as incurred, and it is included in the current profit and loss in the same period as the confirmed rental income, during the entire lease period. The variable lease payments that are not included in the lease payments related to the operating leases are recognised in profit or loss when incurred.



23.2.3 Finance leases

At the commencement date, the Group confirms the financing lease receivable and terminates the recognition of the finance lease assets.

The finance lease receivables are initially measured at the sum of the un-guaranteed residual value and the lease receivables that have not been received on the lease beginning date, based on the sum of the present value of the leased interest rate, which comprises the following: A. fixed payments and in-substance fixed payments, less any lease incentives payable; B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; C. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; D. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; E. any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

The variable lease payments received by the Group that are not included in the measurement of the net amount of the leased investment are recognised in profit or loss in the period in which they are incurred.

24 Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

None.

(2) Changes in accounting estimates

None.

V. TAXATION

1. Major taxes and tax rates

Tax types	Tax basis	Tax rate
Value-added tax	Note 1	13%/9%/6%/5%/3%
Consumption tax	Taxable sales subject to consumption tax	5%
City construction and maintenance tax	Value-added tax, business tax and consumption tax	5%/7%
Education surcharge	Value-added tax, business tax and consumption tax	3%
Local education surcharge	Value-added tax, business tax and consumption tax	2%
Corporate income tax	Taxable income	See table below
Taxable entities	Tax basis	Tax rate of income tax
Chaopi International Trading (Hong Kong) Co., Ltd.	Note 2	16.5%
Others		25%

Note 1: The value-added tax payable is the residual value of the output value-added tax after deduction of input value-added tax. The output value-added tax is computed on a basis of sales resolved by relevant tax laws.

Note 2: The Company's subsidiary Chaopi International Trading (Hong Kong) Co., Ltd. was registered and established in Hong Kong and in accordance with Hong Kong taxation law its corporate income tax rate was 16.5%.



VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN RMB UNLESS OTHERWISE STATED.

For the following note items (including the main item notes of the Company's financial statements) unless otherwise specified, "this period" is from 1 January 2022 to 30 June 2022 and the prior period was from 1 January 2021 to 30 June 2021.

1. Cash and Bank balances

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Cash on hand	7,470,595	7,604,708
Cash in bank	928,632,286	1,010,857,384
Other cash and cash equivalents (Note 1)	100,173,983	107,351,945
Total	1,036,276,864	1,125,814,037
Including: Overseas deposits (Note 2)	2,030,713	55,852,703

Note 1: As at 30 June 2022, the Group's margin deposits with use restrictions was RMB100,173,983 (31 December 2021: RMB107,351,945), among them, the bill margin deposit was RMB95,120,659 (31 December 2021: RMB72,321,243), and details were referred to Note (VI) 20. Notes payable, the financial margin deposit is RMB5,053,324 (31 December 2021: RMB35,030,702).

Note 2: Bank deposits placed overseas are the money deposited by the subsidiary Chaopi International Trading (Hong Kong) Co., Ltd. in HSBC.

2. Financial assets held for trading

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Subtotal of financial assets classified as fair value through profit or loss	421,507,123	—
Subtotal of financial assets designated as fair value through profit or loss	—	—
Total	421,507,123	—

The Group included structured deposits under the entry "financial assets held for trading" in accordance with the Ministry of Finance's Notice on Strictly Implementing Accounting Standards for Enterprises and Effectively Strengthening the Work of Enterprises in 2020 Annual Report (Finance and Accounting 2021) No. 2 (《關於嚴格執行企業會計準則切實加強企業2020年年報工作的通知》)(財會2021)2號文). As at the date of this report, the aforesaid structured deposits have all matured.

3. Notes receivable

Classification of notes receivable

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Bank acceptance	745,500	1,535,600
Trade acceptance	—	—
Total	745,500	1,535,600



4. Accounts receivable

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Accounts receivable	1,093,744,946	936,229,470
Total	1,093,744,946	936,229,470

(1) Presentation of accounts receivable by category:

	2022.6.30 (unaudited)				
Category	Carrying amount		Credit loss allowance		Net book value
	Amount	Proportion (%)	Amount	Rate (%)	
Accounts receivable with single provision for credit loss	837,001		837,001	100	-
Accounts receivable with credit loss provision based on portfolio	1,139,509,042	100	45,764,096	4	1,093,744,946
Total	1,140,346,043	100	46,601,097	4	1,093,744,946

Category	2021.12.31 (audited)				
	Carrying amount		Credit loss allowance		Net book value
	Amount	Proportion (%)	Amount	Rate (%)	
Accounts receivable with single provision for credit loss	837,001		837,001	100	–
Accounts receivable with credit loss provision based on portfolio	976,524,055	100	40,294,585	4	936,229,470
Total	977,361,056	100	41,131,586	4	936,229,470

(2) Presentation of accounts receivable according to aging analysis

Aging	2022.6.30 (unaudited)			
	Carrying amount	Proportion%	Credit loss allowance	Net book value
Within 1 year	1,052,247,800	92	-	1,052,247,800
1-2 years	17,733,235	2	534,176	17,199,059
2-3 years	15,220,822	1	2,035,843	13,184,979
3-4 years	11,469,732	1	2,877,934	8,591,798
4-5 years	5,292,528	1	2,771,218	2,521,310
Over 5 years	38,381,926	3	38,381,926	-
Total	1,140,346,043	100	46,601,097	1,093,744,946



Presentation of accounts receivable according to credit loss allowance by aging analysis

Aging	2022.6.30 (unaudited)		
	Carrying amount	Credit loss allowance	Proportion%
Within 1 year	1,052,247,800	—	0
1-2 years	17,730,988	531,929	3
2-3 years	14,649,977	1,464,998	10
3-4 years	11,455,732	2,863,934	25
4-5 years	5,042,619	2,521,309	50
Over 5 years	38,381,926	38,381,926	100
Total	1,139,509,042	45,764,096	

Accounts receivable with single provision for credit loss

Company	2022.6.30 (unaudited)			
	Accounts receivable	Credit loss allowance	Proportion %	Reason for provision
Yizhiyao (Tianjin) Technology Development Co., Ltd.	573,091	573,091	100	Cannot be recovered
Datong Yiyang Commercial Co., Ltd.	263,910	263,910	100	Cannot be recovered
Total	837,001	837,001		

The Group normally allows a credit period of no more than 90 days to its customers with a longer credit period of 180 days granted to its major customers.

On 30 June 2022, the total accounts receivable due from MeetAll (美特好) amounted to RMB7,224,998 was limited by being factored to secure certain bank loans of the Group.

On 31 December 2021, the total accounts receivable due from Wu-mart (物美), Carrefour (家乐福), Beijing Lotus Supermarket Chain Co., Ltd., Yonghui (永辉), Jingdong (京东), Tianjin jumei.com Technology Co., Ltd, Vipshop (唯品会), BHG (华联) and MeetAll (美特好) amounted to RMB219,608,971 were limited by being factored to secure certain bank loans of the Group.

Pursuant to the factoring agreement between the Group and HSBC, HSBC provides a bank loan for amount of not exceeding 70% of accounts receivable factoring to the Group. HSBC collected the entire amount of accounts receivable and is only required to pay the Group any amount it collects in excess of the loan amount. As the Group has not transferred specifically identifiable cash flows, fully proportionate share of all or part of the cash flows or part of specifically identifiable cash flows, the Group cannot apply the derecognition model to part of the factored accounts receivable.



Since factored accounts receivable is on full recourse basis, the Group has not transferred the significant risks and rewards relating of these receivables, it continues to recognize the receivables and has recognized the cash received from the bank as accounts receivable secured loan (See Note (VI) 19).

	Factoring accounts receivable on full recourse basis	
	2022.6.30 (unaudited)	2021.12.31 (audited)
Content of accounts receivable		
Carrying amount of transferred assets	7,224,998	219,608,971
Carrying amount of related liabilities	7,224,998	5,775,305
Net book value	–	213,833,666

5. Prepayments

Presentation of prepayments according to aging analysis

Aging	2022.6.30 (unaudited)		2021.12.31 (audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	610,337,802	100	824,722,793	100
Total	610,337,802	100	824,722,793	100

On 30 June 2022 and 31 December 2021, there was no prepayment from shareholders who held voting shares of more than 5% (including 5%).

6. Other receivables

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Other receivables	170,335,989	165,898,618
Interest receivables	–	–
Dividend receivables	–	–
Total	170,335,989	165,898,618

Details of other receivables

(1) Presentation of other receivables by category

Category	2022.6.30 (unaudited)				
	Carrying amount		Credit loss allowance		Net book value
	Amount	Proportion (%)	Amount	Rate (%)	
Other receivables with single provision for credit loss	942,134	1	942,134	100	–
Other receivables with credit loss provision based on portfolio	173,248,302	99	2,912,313	2	170,335,989
Total	174,190,436	100	3,854,447	2	170,335,989



Category	Carrying amount		2021.12.31 (audited)		Net book value
	Amount	Proportion (%)	Credit loss allowance Amount	Rate (%)	
Other receivables with single provision for credit loss	942,134	1	942,134	100	-
Other receivables with credit loss provision based on portfolio	168,662,310	99	2,763,692	2	165,898,618
Total	169,604,444	100	3,705,826	2	165,898,618

(2) **Presentation of other receivables according to aging analysis**

Aging	2022.6.30 (unaudited)			Net book value
	Carrying amount	Proportion %	Credit loss allowance	
Within 1 year	157,339,758	90	-	157,339,758
1-2 years	9,652,015	5	289,560	9,362,455
2-3 years	1,844,990	1	575,164	1,269,826
3-4 years	2,834,405	2	858,468	1,975,937
4-5 years	1,084,266	1	696,253	388,013
Over 5 years	1,435,002	1	1,435,002	-
Total	174,190,436	100	3,854,447	170,335,989

Other receivables that are individually significant and for which credit loss allowance has been assessed individually

Content of other receivables	Carrying amount	Credit loss allowance	Rate%	Reason
Ferrero Trading (Shanghai) Co., Ltd.	184,784	184,784	100	Cannot be recovered
China Resources (華潤)	49,288	49,288	100	Cannot be recovered
Dumex Baby Food Co., Ltd.	203,922	203,922	100	Cannot be recovered
Naaisi Lishui Sales Co., Ltd.	304,140	304,140	100	Cannot be recovered
Guangzhou Qunhe Cosmetics Co., Ltd.	200,000	200,000	100	Cannot be recovered
Total	942,134	942,134		

Presentation of other receivable according to credit loss allowance by aging analysis

Aging	2022.6.30 (unaudited)		
	Other receivables	Credit loss allowance	Proportion%
Within 1 year	157,339,758	-	0
1-2 years	9,652,015	289,560	3
2-3 years	1,410,918	141,092	10
3-4 years	2,634,583	658,646	25
4-5 years	776,026	388,013	50
Over 5 years	1,435,002	1,435,002	100
Total	173,248,302	2,912,313	



7. Inventories

Presentation of Inventories by category

Item	2022.6.30 (unaudited)		
	Carrying amount	Impairment	Net book value
Merchandise inventory	1,350,301,785	—	1,350,301,785
Raw material	3,914,791	—	3,914,791
Goods in production	—	—	—
Low-value consumables	—	—	—
Total	1,354,216,576	—	1,354,216,576

Item	2021.12.31 (audited)		
	Carrying amount	Impairment	Net book value
Merchandise inventory	1,613,429,857	—	1,613,429,857
Raw material	5,097,160	—	5,097,160
Goods in production	—	—	—
Low-value consumables	—	—	—
Total	1,618,527,017	—	1,618,527,017

8. Other current assets

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Deductible input value-added tax	136,785,839	157,495,178
Prepaid lease expenses	537,687	2,675,337
Prepaid heating expenses	—	3,160,505
Other prepaid expenses (Note)	2,465,547	2,336,998
Receivable return cost	10,460,004	8,587,443
Total	150,249,077	174,255,461

Note: Prepaid cooling fees, property fees, cleaning fees and security fees, etc. are the primary expenses of other prepaid expenses.

9. Other non-current financial assets

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Classified financial assets at fair value through profit or loss	96,653,610	104,782,276
Including: Debt instrument investments	—	—
Equity instrument investments (Note)	96,653,610	104,782,276
Subtotal	96,653,610	104,782,276
Less: Current portion that matures within one year	—	—
Total	96,653,610	104,782,276

Note: Chaopi Trading, a subsidiary of the Company, subscribed for the Junxiang of Wuliangye No. 1 fund products in cash in the amount of RMB11.67 million in April 2018 and held a fund share of 11,638,983.05 shares. In August 2021, 10% (1,163,898 shares) were sold, and the remaining fund shares held were 10,475,085.05 shares.



10. Investment properties

Investment properties under the cost method

Item	Buildings	Land use rights	Total
I. Original carrying amount			
1. 2021.12.31 (audited)	139,248,884	122,900,708	262,149,592
2. Increase in the period	—	—	—
(1) Revised carrying amount by the company	—	—	—
(2) Increase in business combination	—	—	—
3. Decrease in the period	—	—	—
(1) Transferred to the fixed assets	—	—	—
(2) Transfer to intangible assets	—	—	—
4. 2022.6.30 (unaudited)	139,248,884	122,900,708	262,149,592
II. Accumulated depreciation and amortization			
1. 2021.12.31 (audited)	70,544,621	30,071,900	100,616,521
2. Increase in the period	2,782,553	1,562,729	4,345,282
(1) Accrual or amortization	2,782,553	1,562,729	4,345,282
(2) Transfer from fixed assets	—	—	—
(3) Increase in business combination	—	—	—
3. Decrease in the period	—	—	—
(1) Transferred to the fixed assets	—	—	—
(2) Transfer to intangible assets	—	—	—
4. 2022.6.30 (unaudited)	73,327,174	31,634,629	104,961,803
III. Net book value			
1. 2022.6.30 (unaudited)	65,921,710	91,266,079	157,187,789
2. 2021.12.31 (audited)	68,704,263	92,828,808	161,533,071

As at 30 June 2022 and 31 December 2021, there was no investment properties that were pledged to secure certain of the Group's long-term bank loans.

As at 30 June 2022 and 31 December 2021, all land use rights in the investment properties of the Group are medium-term lease.

11. Fixed assets

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Fixed assets	807,540,531	768,682,515
Retirements on fixed assets	17,751,512	17,605,727
Total	825,292,043	786,288,242



(1) Details of fixed assets

Item	Buildings	Machinery and equipment	Electronic devices and others	Transportation vehicles	Total
I. Original carrying amount					
1. 2021.12.31 (audited)	1,056,215,237	807,772,243	178,661,848	52,315,569	2,094,964,897
2. Increase in the period	75,274,629	7,988,344	3,004,667	1,652,358	87,919,998
(1) Purchase	75,274,629	4,185,166	2,655,221	1,652,358	83,767,374
(2) Transferred from the construction in process	–	3,803,178	349,446	–	4,152,624
(3) Transferred from the investment properties	–	–	–	–	–
(4) Business mergers increased	–	–	–	–	–
3. Decrease in the period	75,850	21,072,087	5,720,302	1,519,780	28,388,019
(1) Disposal or retirement	75,850	21,072,087	5,720,302	1,519,780	28,388,019
(2) Transferred to the investment properties	–	–	–	–	–
4. 2022.6.30 (unaudited)	1,131,414,016	794,688,500	175,946,213	52,448,147	2,154,496,876
II. Accumulative depreciation					
1. 2021.12.31 (audited)	502,740,834	638,339,506	141,434,309	43,767,733	1,326,282,382
2. Increase in the period	19,782,255	14,932,494	6,922,466	4,302,325	45,939,540
(1) Accrual	19,782,255	14,932,494	6,922,466	4,302,325	45,939,540
(2) Transferred from the investment properties	–	–	–	–	–
3. Decrease in the period	–	18,256,691	4,998,183	2,010,703	25,265,577
(1) Disposal or Scrap	–	18,256,691	4,998,183	2,010,703	25,265,577
(2) Transferred to investment properties	–	–	–	–	–
4. 2022.6.30 (unaudited)	522,523,089	635,015,309	143,358,592	46,059,355	1,346,956,345
III. Net book value					
1. 2022.6.30 (unaudited)	608,890,927	159,673,191	32,587,621	6,388,792	807,540,531
2. 2021.12.31 (audited)	553,474,403	169,432,737	37,227,539	8,547,836	768,682,515

(2) Retirements on fixed assets

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Housing warehouse	17,605,692	17,605,692
Equipment	145,820	35
Total	17,751,512	17,605,727



12. Construction in progress

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Construction in progress	155,096,372	152,597,710
Engineer material	—	—
Total	155,096,372	152,597,710

(1) Details of construction in progress

Item	2022.6.30 (unaudited)			2021.12.31 (audited)		
	Carrying amount	Impairment	Net book value	Carrying amount	Impairment	Net book value
Shuangqiao Project	50,232,654	—	50,232,654	50,232,654	—	50,232,654
Pingfang Project	43,859,815	—	43,859,815	43,859,815	—	43,859,815
Pingfang Refrigeratory Project	9,617,821	—	9,617,821	9,617,821	—	9,617,821
Logistics center renovation	3,059,215	—	3,059,215	3,199,923	—	3,199,923
System Software Project	39,952,332	—	39,952,332	39,952,332	—	39,952,332
Other	8,374,535	—	8,374,535	5,735,165	—	5,735,165
Total	155,096,372	—	155,096,372	152,597,710	—	152,597,710

(2) Changes in significant construction in progress in the current period

Item	Budget amount	2021.12.31 (audited)	Increase in the period	Transferred to fixed assets, intangible assets or long-term prepaid expenses	Other deduction	2022.6.30 (unaudited)
Shuangqiao Project	109,517,155	50,232,654	—	—	—	50,232,654
Pingfang Project	73,655,986	43,859,815	—	—	—	43,859,815
Pingfang Refrigeratory Project	35,047,286	9,617,821	—	—	—	9,617,821
Logistics center renovation	4,190,926	3,199,923	280,837	421,545	—	3,059,215
System Software Project	73,739,627	39,952,332	—	—	—	39,952,332
Others	182,316,210	5,735,165	8,449,455	5,095,858	714,227	8,374,535
Total	478,467,190	152,597,710	8,730,292	5,517,403	714,227	155,096,372



Project name	Amount injected as a proportion of budget amount (%)	Construction progress(%)	Amount of accumulated capitalized interest	Including: Capitalized interest in the period	Interest capitalization rate for the period(%)	Source of funds
Shuangqiao Project	46	46	3,000,000	-	-	Own funds and bank loans
Pingfang Project	60	60	425,988	-	-	Own funds and bank loans
Pingfang Refrigeratory Project	27	27	-	-	-	Own funds and bank loans
Logistics center renovation	83	83	-	-	-	Own funds and bank loans
System Software Project	54	54	-	-	-	Own funds and bank loans
Others	8	8	227,362	90,566	-	Own funds and bank loans
Total			3,653,350	90,566	-	Own funds and bank loans

13. The right-of-use asset

Item	Buildings	Total
I. Original carrying amount		
1 2021.12.31 (audited)	1,384,779,948	1,384,779,948
2 Increase in the period	67,234,052	67,234,052
Asset lease	67,234,052	67,234,052
3 Decrease in the period	47,515,485	47,515,485
Early termination of asset lease	5,290,794	5,290,794
Lease expires	13,974,270	13,974,270
Lease change remeasurement	28,250,421	28,250,421
4 2022.6.30 (unaudited)	1,404,498,515	1,404,498,515
II Accumulative depreciation		
1 2021.12.31 (audited)	403,164,151	403,164,151
2 Increase in the period	87,637,999	87,637,999
Accrual	87,637,999	87,637,999
3 Decrease in the period	41,600,989	41,600,989
Dispose	-	-
Termination of asset lease	13,974,270	13,974,270
Lease change remeasurement	27,626,719	27,626,719
4 2022.6.30 (unaudited)	449,201,161	449,201,161
III Net book value		
1 2022.6.30 (unaudited)	955,297,354	955,297,354
2 2021.12.31 (audited)	981,615,797	981,615,797



14. Intangible assets

Item	Land use rights	Software	Operation rights of distribution network	Total
I. Original carrying amount				
1. 2021.12.31 (audited)	322,793,074	62,067,050	34,261,049	419,121,173
2. Increase in the period	25,528,459	—	—	25,528,459
(1) Purchase	25,528,459	—	—	25,528,459
(2) Transferred from the construction in process	—	—	—	—
(3) Transferred from the investment properties	—	—	—	—
(4) Business mergers increase	—	—	—	—
3. Decrease in the period	—	—	—	—
4. 2022.6.30 (unaudited)	348,321,533	62,067,050	34,261,049	444,649,632
II. Accumulated amortization				
1. 2021.12.31 (audited)	85,689,619	36,845,572	31,457,887	153,993,078
2. Increase in the period	5,172,472	2,550,793	1,000,821	8,724,086
(1) Accrual	5,172,472	2,550,793	1,000,821	8,724,086
(2) Transferred from the investment properties	—	—	—	—
(3) Business mergers increase	—	—	—	—
3. Decrease in the period	—	—	—	—
4. 2022.6.30 (unaudited)	90,862,091	39,396,365	32,458,708	162,717,164
III. Net book value				
1. 2022.6.30 (unaudited)	257,459,442	22,670,685	1,802,341	281,932,468
2. 2021.12.31 (audited)	237,103,455	25,221,478	2,803,162	265,128,095

15. Goodwill

Original carrying amount of goodwill

Name of the investee or item resulting in goodwill	2021.12.31 (audited)	Increase in the period		Decrease in the period		2022.6.30 (unaudited)
		Business combination	Others	Disposal	Others	
Acquisition of Shouchao Group	86,673,788	—	—	—	—	86,673,788
Total	86,673,788	—	—	—	—	86,673,788

On 30 June 2022 and 31 December 2021, the balance was the goodwill arising from the acquisition of Shoulian Supermarket and its subsidiaries (“Shouchao Group”) as well as Beijing Jingchao Commercial Company Limited (Hereinafter referred to as “Jingchao”).

The impairment tests of goodwill acquired through the purchase of Shouchao Group and Jingchao were conducted on the group of assets in relation to the retailing business segment of the Shouchao Group after consolidation of Jingchao.



The recoverable amount of the group of assets had been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to calculate the present value of a future stream of cash flows was 11% (2021: 10%). The growth rate used to extrapolate the cash flows of the subsidiary beyond the five-year period was 3% (2021: 3%).

As at 30 June 2022, and 31 December 2021, certain key assumptions are taken into consideration of the calculation of the present value of the cash flow of Shouchao Group. Below are the key assumptions made by the management in forecasting the present value of a future stream of cash flows to conduct impairment tests of goodwill:

Expected gross profit- The estimation of gross profit is based on the average gross profit realized in previous year, and then appropriately increased according to the increase of expected efficiency and market expansion

Discount rate- Using the discount rate before tax which reflects Shouchao Group's specific risks

16. Long-term prepaid expenses

Item	2021.12.31 (audited)	Increase in the period	Amortization in the period	Other deduction	2022.6.30 (unaudited)	Other reduces reasons
Transferred from construction in progress to leasehold improvements	245,441,646	7,056,383	52,483,433	-	200,014,596	
Total	245,441,646	7,056,383	52,483,433	-	200,014,596	

17. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without offset

Item	2022.6.30 (unaudited)		2021.12.31 (audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax asset
Taxable government grants	23,388,087	5,847,022	26,720,324	6,680,081
Unrealized profits from internal transactions	3,867,226	966,806	3,955,876	988,969
Implementation of the new lease standard	77,505,767	19,376,442	71,631,828	17,907,958
Total	104,761,080	26,190,270	102,308,028	25,577,008



(2) **Deferred tax liabilities without offset**

Item	2022.6.30 (unaudited)		2021.12.31 (audited)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustment of assets arising from non-monetary asset exchange	8,806,855	2,201,714	9,340,075	2,335,018
Changes on the fair value of available-for-sale financial assets	86,150,610	21,537,652	94,279,276	23,569,819
Capitalized interest adjustment of borrowing costs	16,000	4,000	16,000	4,000
Difference between the fair value and the carrying amount of subsidiary merger and acquisition	2,019,456	504,864	2,027,598	506,900
Total	96,992,921	24,248,230	105,662,949	26,415,737

(3) **Net deferred tax assets or liabilities with offset**

Item	Offset amount of deferred tax assets and deferred tax liabilities at the end of year	Amount after offset of deferred tax assets and deferred tax liabilities 2022.6.30 (unaudited)	Offset amount of deferred tax assets and deferred tax liabilities in the beginning of year	Amount after offset of deferred tax assets and deferred tax liabilities 2021.12.31 (audited)
Deferred tax assets	2,205,714	23,984,556	2,339,019	23,237,989
Deferred tax liabilities	2,205,714	22,042,516	2,339,019	24,076,718



18. Other non-current assets

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Long-term receivables due from Shoulian Group (Note 1)	44,642,800	106,751,658
Security deposit	43,853,946	40,114,901
Prepaid construction fees (Note 2)	121,571	40,944,303
Total	88,618,317	187,810,862

Note 1: On 30 June 2022, such long-term receivables consist of borrowings lent by Shoulian Supermarket and Lianchao Company to Shoulian Group due on 31 December 2022 as agreed upon, on 31 December 2021 Shoulian Supermarket and Lianchao Company signed supplementary agreements with Shoulian Group respectively, and the two parties agreed that the repayment date would be 31 December 2024, the long-term receivables bear interest at 3.85% per annum interest will be calculated at the one-year loan market quoted rate (LPR) from 1 January 2022. Meanwhile certain buildings and land use rights of Shoulian Group with a total fair value not less than the balance of the long-term receivables have been pledged for these long-term receivables in favor of Shoulian Supermarket.

Note 2: On 31 December 2021, RMB40,694,040 of this amount is the 40% down payment paid by Shoulian Supermarket to Shoulian Group for the purchase of Huairou real estate.

19. Short-term borrowings

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Accounts receivable secured loan (Note 1)	7,224,998	5,775,305
Guaranteed loan (Note 2)	1,728,410,040	1,756,868,627
Unsecured loan (Note 3)	386,000,000	531,176,235
Pledged Loan (Note 4)	28,408,633	83,301,580
Undue interest payable	3,374,046	3,909,092
Total	2,153,417,717	2,381,030,839

As at 30 June 2022, and 31 December 2021, the short-term borrowings above bore annual interest rates ranging from 2.90% to 4.35% and 1.25% to 4.35% respectively without any due but unsettled ones.

Note 1: As at 30 June 2022, such short-term loan was obtained by several accounts receivable factoring of the Company totaling to RMB7,224,998 (31 December 2021: RMB219,608,971), and details were referred to Note (VI) 4.

Note 2: As at 30 June 2022, such short-term loans include RMB304,380,000, which was borrowed by Chaopi Trading, a subsidiary of the Company, with a surety provided by the Company; RMB40,000,000, which was borrowed by a subsidiary of Chaopi Trading, with a surety provided by the Company; RMB684,030,040, which was borrowed by a subsidiary of Chaopi Trading with a surety offered by Chaopi Trading and another RMB700,000,000 was borrowed by the Company with the surety provided by Chaopi Trading.

As at 31 December 2021, such short-term loans include RMB507,017,000, which was borrowed by Chaopi Trading, a subsidiary of the Company, with a surety provided by the Company; RMB40,000,000, which was borrowed a subsidiary of the Chaopi Trading, with a surety provided by the Company; RMB809,851,628, which was borrowed by a subsidiary of Chaopi Trading with a surety offered by Chaopi Trading; RMB400,000,000 was borrowed by the Company with the surety provided by Chaopi Trading.



Note 3: As at 30 June 2022, the credit loans included RMB150,000,000 borrowed by the Company granted by Industrial and Commercial Bank of China Co., Ltd. Chaoyang Sub-branch on an unsecured basis; The credit loans included RMB191,000,000 borrowed by the Company's subsidiary Chaopi Trading that granted by China CITIC Bank Beijing Xidan Sub-branch on an unsecured basis. The credit loans included RMB10,000,000, RMB5,000,000, RMB20,000,000 and RMB10,000,000 borrowed by subsidiaries of Chaopi Trading that granted by Bank of Beijing Jiulongshan Sub-branch, China Everbright Bank Co., Ltd. Beijing East Chang'an Avenue Sub-branch, Everbright Bank Beijing Tongzhou Sub-branch and Beijing Rural Commercial Bank Co., Ltd. Central Business District Sub-branch on an unsecured basis.

As at 31 December 2021, the credit loans included RMB150,000,000, RMB150,000,000 respectively granted by China Bank of Communications Co., Ltd. Sanyuan Bridge Sub-branch and Industrial and Commercial Bank of China Co., Ltd. Beijing Air China Tower Sub-branch on an unsecured basis. The credit loans included RMB191,000,000, RMB15,676,235 borrowed by the Company's subsidiary Chaopi Trading that granted by China CITIC Bank Beijing Xidan Sub-branch and HSBC Bank (China) Co., Ltd. Beijing Branch on an unsecured basis. The credit loans included RMB5,000,000, RMB10,000,000 and RMB9,500,000 borrowed by the subsidiaries of Chaopi Trading that granted by HSBC Bank (China) Co., Ltd. Beijing Branch, Bank of Beijing Jiulongshan Sub-branch, China Everbright Bank Co., Ltd. Beijing East Chang'an Avenue Sub-branch on an unsecured basis.

Note 4: As at 30 June 2022, Chaopi Trading provided a pledge guarantee to HSBC Bank (China) Co., Ltd. Beijing Branch with a time deposit certificate of RMB5,053,323 under its name, and the loan amount obtained was USD4,232,892, which was converted into RMB28,408,633 at the exchange rate of USD to RMB6.7114 on 30 June 2022.

As at 31 December 2021, Chaopi Trading provided a pledge guarantee to HSBC Bank (China) Co., Ltd. Beijing Branch with a time deposit certificate of RMB20,980,702 under its name for Beijing Chaopi International Trading (Hongkong), a subsidiary of Chaopi Trading, and the loan amount obtained was USD11,665,480, which was converted into RMB74,375,600 at the exchange rate of USD to RMB6.3757 on 31 December 2021, Chaopi International Trading (Hongkong), a subsidiary of Chaopi Trading, provided a pledge guarantee to Bank of Jiangsu Co., Ltd. Shanghai Branch with a time deposit certificate of RMB14,050,000 under its name, and the loan amount obtained was USD1,400,000, which was converted into RMB8,925,980 at the exchange rate of USD to RMB6.3757 on 31 December 2021.

20. Notes payable

Category	2022.6.30 (unaudited)	2021.12.31 (audited)
Bank acceptances	531,375,056	467,332,344
Total	531,375,056	467,332,344

As at 30 June 2022, security deposit for the issuance of bank acceptances above amounted to RMB95,120,659 (31 December 2021: RMB72,321,243).

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



21. Accounts payable

(1) Accounts payable are listed below according to the nature of the amount:

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Purchase	842,764,281	740,337,043
Total	842,764,281	740,337,043

(2) Presentation of accounts payable according to aging analysis:

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Within 1 year	812,709,654	713,061,607
1 to 2 years	15,656,053	10,562,073
2 to 3 years	5,478,999	8,401,232
Over 3 years	8,919,575	8,312,131
Total	842,764,281	740,337,043

22. Payments received in advance

Details of payments received in advance

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Rent received in advance	6,079,041	9,075,871
Total	6,079,041	9,075,871

23. Contract Liability

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Procurements received in advance	290,346,608	361,858,117
Total	290,346,608	361,858,117

24. Payroll payable

(1) Details of payroll payable

Item	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)
1. Short-term remuneration	1,545,319	317,745,640	317,703,808	1,587,151
2. Post-employment benefits- defined contribution plans (Note)	—	35,338,868	35,328,255	10,613
3. Dismissal compensation	—	2,190,898	2,190,898	—
4. Other welfare due within one year	—	—	—	—
Total	1,545,319	355,275,406	355,222,961	1,597,764



(2) Short-term remuneration

Item	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)
1) Wages or salaries, bonus, allowance, subsidies	–	262,267,653	262,267,653	–
2) Staff welfare	–	11,779,844	11,779,844	–
3) Social security	–	20,822,374	20,815,878	6,496
Including: Medical insurance	–	19,656,396	19,650,093	6,303
Work injury insurance	–	671,049	670,856	193
Maternity insurance	–	494,929	494,929	–
4) Housing funds	–	17,677,925	17,677,925	–
5) Labor union expenses and employees' education expenses	1,545,319	5,197,844	5,162,508	1,580,655
Total	1,545,319	317,745,640	317,703,808	1,587,151

(3) Details of defined contribution plan

Item	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)
1) Basic retirement insurance	–	34,281,015	34,270,724	10,291
2) Unemployment insurance	–	1,057,853	1,057,531	322
3) Annuity	–	–	–	–
Total	–	35,338,868	35,328,255	10,613

Note: The Group participated in retirement insurance and the unemployment insurance plans established by government institutions as required. Based on such plans, the Group contributes 16% of staff basic monthly salary to their retirement insurance and 0.8% to unemployment insurance. Besides these monthly contributions, the Group will not take responsibility for further payments. Corresponding payments when they occur shall be accrued in current period profit, loss or related assets cost.

Currently, the Group will contribute RMB34,281,015 and RMB1,057,853 to retirement insurance and unemployment insurance accordingly.

25. Taxes payable

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Value-added tax	15,229,786	18,406,310
Corporate income tax	14,393,043	14,978,540
Personal income tax	2,123,687	882,193
City construction and maintenance tax	359,953	233,620
Education surcharge	330,310	212,664
Stamp duty	847,869	1,065,314
Local education surcharge	219,853	141,576
Other	2,132	27
Total	33,506,633	35,920,244



26. Other payables

(1) Presentation of other payables by the nature of accounts

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Other payables	228,717,638	193,490,916
Interest payables	–	–
Dividend payables	50,335,849	5,333,891
Total	279,053,487	198,824,807

(2) Details of other payables

Presentation of other payables by nature of accounts

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Construction fees payable	33,591,141	44,715,846
Deposit	75,362,101	73,315,332
Others	119,764,396	75,459,738
Total	228,717,638	193,490,916

(3) Details of dividend payables

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Ordinary shares dividend	–	–
Other minority shareholders' dividend	50,335,849	5,333,891
Total	50,335,849	5,333,891

27. Non-current liabilities due within one year

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Bonds payable due within one year (Note)	411,335,840	–
Leases liability due within one year	173,653,290	167,827,272
Total	584,989,130	167,827,272

Note: For details, please refer to “Note VI. 29 and Note XI. SIGNIFICANT SUBSEQUENT EVENTS AFTER REPORTING PERIOD”.



28. Other current liabilities

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Refund payable	11,890,778	9,115,785
Accrued expenses	11,072,996	8,715,877
Output tax to be transferred	29,872,882	42,136,815
Total	52,836,656	59,968,477

Accrued expenses

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Accrued rent expenses	153,013	212,332
Accrued audit expenses	—	1,306,604
Others	10,919,983	7,196,941
Total	11,072,996	8,715,877

29. Bonds payable

(1) Bonds payable

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Corporate bonds (2019.8.26-2024.8.25)	411,335,840	403,545,776
Including: Classification to presentation of non-current liabilities due within one year	411,335,840	—
Total	—	403,545,776

(2) Changes in the bonds payable

Bonds	Par value	Issue date	Term of the bond	Issue amount	2021.12.31 (audited)	Issue in the period
Corporate bonds	400,000,000	2019.8.23	5 years	400,000,000	403,545,776	—
Total	400,000,000			400,000,000	403,545,776	—

Bonds	Accrued interest for the period	Bond discount/premium amortization	Paid during the period	2022.6.30 (unaudited)
Corporate bonds	7,478,027	312,037	—	411,335,840
Total	7,478,027	312,037	—	411,335,840

Pursuant to the “Approval on Issuance of Corporate Bonds of Beijing Jingkelong Company Limited” (Zheng Jian Xu Ke [2019] No. 303) issued by the CSRC, on 26 August 2019, the Company issued the corporate bonds aggregated to RMB400,000,000 with a term of maturity of 5 years. The corporate bonds were jointly secured by Beijing Chaoyang District National Capital Operating Management Center, a state-owned enterprise, bearing coupon rate at 3.77% per annum. The issuance expenses of RMB3,150,943 had been included in bonds payable.



30. Lease liability

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Lease Payments	1,245,184,687	1,242,425,596
Less: Unrecognized financing charges	184,089,710	177,342,547
Reclassified to non-current liabilities due within one year	173,653,290	167,827,272
Net lease liability	887,441,687	897,255,777

31. Government grants***Details of government grants***

Classification	Amount	Presentation project	Amount included in current profit and loss
Government grants related to assets are amortized this year	4,202,237	Other income	4,202,237
Ease the employment pressure	2,125,115	Other income	2,125,115
Government reserve expense	34,034	Other income	34,034
Other	681,142	Other income	681,142
Total	7,042,528		7,042,528

32. Deferred income

Item	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)	Reasons
Government grants	26,720,324	870,000	4,202,237	23,388,087	
Total	26,720,324	870,000	4,202,237	23,388,087	



Including, the project related to Government grants:

Item	2021.12.31 (audited)	Included			Other change	2022.6.30 (unaudited)	Related to assets/income
		Increase in the period	non-operating income	Included other income			
Agricultural Super							
Matchmaking Pilot Project	1,483,886	-	-	480,746	-	1,003,140	Related to assets
Chaoyang District Finance							
Bureau life service industry development guidance funds	2,316,501	-	-	210,591	-	2,105,910	Related to assets
Central Finance promotes the development of special funds for the service industry (2015.01- 2023.12)	1,373,087	-	-	420,353	-	952,734	Related to assets
Logistics standardization pilot project in 2017	2,009,770	-	-	192,727	-	1,817,043	Related to assets
Logistics standardization pilot project in 2015	1,368,199	-	-	283,537	-	1,084,662	Related to assets
Other	18,168,881	870,000	-	2,614,283	-	16,424,598	Related to assets
Total	26,720,324	870,000	-	4,202,237	-	23,388,087	

Government grants include:

- (1) In 2014, the Company received government grants totaling RMB14,186,700 from Beijing Municipal Commission of Commerce and Beijing Finance Bureau as a special funding for agriculture-supermarket jointing program. The deferred income was recognized upon receipt of the financial allocations. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by ratio of the initial entry value of assets, and deferred income would be amortized in the estimated useful life (11 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (2) In 2014, the Company received government grants totaling RMB8,820,000 from Beijing Municipal Commission of Commerce and Beijing Finance Bureau and as a special funding for service development program. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by ratio of the initial entry value of assets, and deferred income would be amortized in the estimated useful life (11 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (3) In 2014, Chaopi Trading, a subsidiary of the Company, received government grants totaling RMB5,000,000 from Beijing Municipal Commission of Commerce as a special funding for group building sorting equipment. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (4) In 2015, the Company received government grants totaling RMB8,310,000 from Beijing Municipal Commission of Commerce as a special funding for logistics standardization project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by ratio of the initial entry value of assets, and deferred income would be amortized in the estimated useful life (10 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.



- (5) In 2015, the Company received government grants totaling RMB5,865,700 from Beijing Municipal Commission of Commerce and Beijing Finance Bureau and as a special funding for upgrading business facilities program. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by ratio of the initial entry value of assets, and deferred income would be amortized in the estimated useful life (10 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (6) In 2015, the Company received government grants totaling RMB2,080,000 from Beijing Finance Bureau as a special funding for renovation of energy-saving lamps. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by ratio of the initial entry value of assets, and deferred income would be amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (7) In 2015, Chaopi Trading, a subsidiary of the Company, received government grants totaling RMB8,730,000 from Beijing Municipal Commission of Commerce as a special funding for logistics standardization project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (8) In 2016, the Company received government grants totaling RMB3,000,000 from Beijing Municipal Commission of Commerce and Beijing Finance Bureau and as a special funding for Chaoyang district Cailanzi project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (9) In 2017, Chaopi Trading, a subsidiary of the Company, received government grants totaling RMB12,647,900 from Beijing Municipal Commission of Commerce as a special funding for logistics standardization project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (8 and 5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (10) In 2017, the Company received government grants totaling RMB3,140,000 from Beijing Municipal Development and Reform Commission as a special funds for Jingkelong energy-saving emission reduction technology innovation project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (8 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (11) In 2017, the Company received government grants totaling RMB4,011,200 from Beijing Municipal Commission of Commerce and Beijing Finance Bureau and as a special funding for Commercial circulation development of agricultural ultra-docking project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (9 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.



- (12) In 2017, the Company received government grants totaling RMB1,199,000 from Beijing Municipal Development and Reform Commission as a special funds for Jingkelong Commercial convenience service investment project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (7 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (13) In 2018, the Company received government grants totaling RMB1,155,200 from Beijing Municipal Development and Reform Commission as a special funds for Jingkelong Store renovation project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (8 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (14) In 2018, the Company received government grants totaling RMB3,681,500 from Beijing Municipal Development and Reform Commission as a special funds for Energy-saving technical transformation project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (15) In 2018, the Company received government grants totaling RMB4,211,820 from Beijing Municipal Commission of Commerce and Beijing Finance Bureau and as a special funding for Life service industry development guidance project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (16) In 2018, the Company received government grants totaling RMB1,471,800 from Beijing Municipal Development and Reform Commission as a special funds for Energy saving carbon reduction project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (17) In 2019, the Company received government grants totaling RMB1,832,900 from Beijing Municipal Development and Reform Commission as a special funds for Energy saving carbon reduction project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.



- (18) In 2020, the Company received government grants totaling RMB2,000,000 from Logistics Service Center of Chaoyang District, Beijing as a special funds for Life Service Employment Development Guidance Project. The deferred income was divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (19) In 2020, the Company received government grants totaling RMB3,566,200 from Beijing Municipal Bureau of Commerce as a special funds for Promote chain operation projects. The deferred income was divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (20) In 2020, the Company received government grants totaling RMB1,783,294 from Beijing Municipal Development and Reform Commission as a special funds for Energy saving carbon reduction project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (21) In 2021, the Company received government grants totaling RMB356,600 from Logistics Service Center of Chaoyang District, Beijing as a special funds for Promote chain operation projects. The deferred income was divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (4 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (22) In 2021, the Company received government grants totaling RMB470,000 from Beijing Energy Conservation and Environmental Protection Center as a special funds for energy conservation and emission reduction technology transformation projects. The deferred income was divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (23) In 2021, the Company received government grants totaling RMB836,500 from Beijing Municipal Development and Reform Commission as a special funds for Energy saving carbon reduction project. The deferred income was recognized upon receipt of the financial allocations, meanwhile the deferred assets were divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (10 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.
- (24) In 2022, the Company received government grants totaling RMB870,000 from Beijing Energy Conservation and Environmental Protection Center as a special funds for energy conservation and emission reduction technology transformation projects. The deferred income was divided by the initial entry value of assets, and deferred income would be evenly amortized in the estimated useful life (5 years) of the related assets, recorded in the profit and loss in current period and subsequent related periods.



33. Share capital

Item	2021.12.31 (audited)	New issue of shares	Bonus issue	Changes in the period Capitalization of surplus reserves	Others	Subtotal	2022.6.30 (unaudited)
1. State-owned legal person shares							
Chaoфу Company	167,409,808	-	-	-	-	-	167,409,808
Subtotal of state-owned legal person shares	167,409,808	-	-	-	-	-	167,409,808
2. Other domestic-owned shares							
Shares held by domestic non-state owned legal person	5,210,428	-	-	-	-	-	5,210,428
Domestic individual shareholders	57,439,764	-	-	-	-	-	57,439,764
3. Foreign listed shares denominated in RMB	182,160,000	-	-	-	-	-	182,160,000
Total shares	412,220,000	-	-	-	-	-	412,220,000

34. Capital reserves

Item	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)
Capital premium	609,790,884	-	-	609,790,884
Equity transaction with minority shareholders of subsidiaries	(10,308,923)	-	-	(10,308,923)
Other capital reserves	5,695,493	-	-	5,695,493
Total	605,177,454	-	-	605,177,454

35. Surplus reserves

Item	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)
Statutory surplus reserve	169,059,880	-	-	169,059,880
Total	169,059,880	-	-	169,059,880

In accordance with Company Law and Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the paid in capital.

Statutory surplus reserve can be used to make up for the loss, expanding operation or increase the paid in capital.



36. Undistributed profits

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Undistributed profits at the beginning of year	487,060,672	565,257,886
Add: Net profit attributable to the shareholders of the parent company for the year	(14,398,632)	26,589,237
Less: Appropriation to statutory surplus reserve		
Ordinary shares' dividends payable	20,611,000	41,222,000
Other		
Undistributed profits at the end of the year	452,051,040	550,625,123

Dividend

A final dividend of RMB0.05 per share, in respect of the year ended at 31 December 2021 (the previous corresponding period: RMB0.10 per share in respect of the year ended at 31 December 2020) was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB20,611,000 (the previous corresponding: RMB41,222,000).

The board of directors did not recommend the distribution of any interim dividend for the six months ended 30 June 2022 (the previous corresponding period: nil).

37. Operating income and operating costs

(1) Operating income and operating costs

Item	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Income	Cost	Income	Cost
Principal operating	4,866,000,697	4,234,465,952	5,335,018,709	4,739,275,797
Other operating	466,501,560	10,813,971	512,316,450	21,788,981
Total	5,332,502,257	4,245,279,923	5,847,335,159	4,761,064,778

(2) Principal operating income (classified by industry segments)

Item	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Retail	1,788,526,692	1,487,279,100	1,721,475,446	1,419,119,672
Wholesale	3,071,446,723	2,742,771,362	3,606,510,866	3,314,666,594
Others	6,027,282	4,415,490	7,032,397	5,489,531
Total	4,866,000,697	4,234,465,952	5,335,018,709	4,739,275,797

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



38. Taxes and surcharges

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Consumption tax	–	666,035
City construction and maintenance tax	7,427,746	9,506,325
Building tax	8,761,421	8,237,970
Land tax	506,085	490,586
Vehicle and vessel use tax	72,034	94,770
Stamp tax	2,909,786	3,116,827
Environment protect tax	8,840	14,229
Others	6,311	39,653
Total	19,692,223	22,166,395

39. Selling expenses

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Wages and salaries	233,988,459	250,810,687
Depreciation and amortization expenses	166,166,674	174,771,872
Service fee	149,297,391	136,795,102
Promotional expenses	125,576,085	114,455,239
Utility fee	27,905,608	31,506,546
Shipping fee	22,954,777	18,124,694
Security fee	18,118,978	17,556,120
Repair fee	11,052,587	9,186,655
Warehousing fee	7,051,308	8,449,119
Cleaning fee	8,272,193	7,768,519
Lease expenses	11,271,580	7,750,951
Advertising fee	3,892,395	6,687,103
Coal fee	7,806,059	6,185,338
Others	19,064,787	20,558,786
Total	812,418,881	810,606,731

40. Administrative expenses

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Wages and salaries	120,705,311	121,321,457
Depreciation and amortization expenses	5,076,472	5,575,692
Service fee	1,256,164	2,131,928
Inventory count loss	2,352,682	1,865,388
Audit fees	1,105,793	1,649,494
Consulting fee	1,170,922	1,454,273
Others	4,489,656	5,215,385
Total	136,157,000	139,213,617



41. Financial expenses

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Interest expenses	68,261,278	79,321,168
Including: Lease liability interest expense	20,015,056	25,206,659
Less: Capitalized interest expenses	90,566	44,804
Interest income	(4,341,169)	(8,891,394)
Bank charges	4,190,950	4,268,119
Exchange losses (gains)	(624,105)	283,688
Total	67,396,388	74,936,777

42. Other income

(1) Details of other income

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	The amount included in the current year non-recurring gains and losses
Government grants	7,042,528	9,932,702	7,042,528
Total	7,042,528	9,932,702	7,042,528

(2) Details of government grants

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Government reserve expense	34,034	1,498,270
Ease the employment pressure	2,125,115	3,049,128
Asset-related government grants amortization for the current year	4,202,237	4,537,874
Other	681,142	847,430
Total	7,042,528	9,932,702



43. Investment income

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Purchase of structured deposit investment income	1,785,996	—
Investment income from disposal of long-term equity investment	—	—
Investment income from disposing financial assets measured at fair value through profit or loss	—	—
Investment income of financial assets measured at fair value through profit or loss during the holding period	—	—
Total	1,785,996	—

44. Gains from changes in fair values

Sources of gains from changes in fair values	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Trading financial assets	(8,128,666)	23,871,554
Including: classified financial assets at fair values through profits or losses (exclude gains from changes in fair value of derivative instruments)	(8,128,666)	23,871,554
classified financial assets at fair values through profits or losses (gains from changes in fair value of derivative instruments)	—	—
Total	(8,128,666)	23,871,554

45. Credit impairment loss

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Note receivable and accounts receivable credit losses	(5,469,511)	(2,856,348)
Other receivables credit losses	(148,622)	(1,957,778)
Total	(5,618,133)	(4,814,126)



46. Gain on disposal of assets

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	The amount included in the current year non-recurring gains and losses
Gain on disposal of non-current assets	527,328	2,493,194	527,328
Total	527,328	2,493,194	527,328

47. Non-operating income**(1) Details of non-operating income**

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	The amounts included in non-recurring gains and losses for the year
Total gains on spoilage and obsolescence of non-current assets	6,395	–	6,395
Including: Gains on spoilage and obsolescence of non- current assets of fixed assets	6,395	–	6,395
Government grants	–	901,847	–
Compensation for breach of contract	1,114,801	1,203,413	1,114,801
Others	1,342,608	6,638,484	1,342,608
Total	2,463,804	8,743,744	2,463,804



(2) **Details of government grants**

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Retirement compensation (Note)	—	741,847
People's livelihood subsidy (Note)	—	150,000
Received vehicle scrap subsidy from the Ecological Environment Bureau (Note)	—	10,000
Total	—	901,847

Note: RMB741,847 was the compensation fund vacated by the People's Government of Pingfang Township, Chaoyang District, Beijing RMB150,000 was the subsidy received by Langfang from the Guangyang District Finance Bureau of Langfang City, and the other RMB10,000 was the subsidy received by Beijing Chaopi Yuli Trading Co., Ltd., a subsidiary of Chaopi Trading Co., for the vehicle scrapping subsidy received by the Ecological Environment Bureau.

48. **Non-operating expenses**

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	The amounts included in non-recurring gains and losses for the year
Losses on spoilage and obsolescence of non- current assets	24,524,782	1,251,136	24,524,782
Fine	115,138	3,116,577	115,138
Others	239,032	5,465,559	239,032
Total	24,878,952	9,833,272	24,878,952

49. **Income tax expense**

(1) **Details of income tax expense**

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Current income tax expense	22,067,307	22,556,926
Deferred income tax expense	(2,780,770)	4,575,581
Total	19,286,537	27,132,507



(2) **Reconciliation between income tax expenses and accounting profits is as follows:**

Item	Six months ended 30 June 2022 (unaudited)
Total profit	24,751,746
Income tax expenses calculated at appropriate tax rate	6,187,937
Effect of subsidiary companies to adapt different tax rates	69,635
Effect of adjusting the previous years' income tax	(24,724)
Effect of non-taxable income	–
Effect of non-deductible costs, expenses and losses	1,377,515
Effect of using deductible losses of previously unrecognized deferred tax assets	(12,154,559)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	23,830,733
Total	19,286,537

50. **Earnings per share**

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net profit for the period attributable to shareholders of the parent company	(14,398,632)	26,589,237
Number of ordinary shares used in the calculation of basic earnings per share	412,220,000	412,220,000

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Calculated based on the net profit attributable to ordinary shareholders of the parent company:		
Basic earnings per share	(0.03)	0.06

51. **Items in the cash flow statements**

(1) **Other cash received relating to operating activities**

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Income of rent	90,137,591	102,477,644
Income of scrap sales	1,214,870	1,198,345
Income of franchise	40,204	384,919
Income of government grant	4,542,094	9,741,372
Recovered deposit	7,239,069	5,166,592
Transportation fee income	9,591,879	10,213,554
Others	17,944,661	19,956,579
Total	130,710,368	149,139,005



(2) Other cash paid relating to operating activities

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Selling expenses (except rent)	304,543,775	307,878,318
Administrative expenses	10,679,798	15,799,068
Rent	9,246,792	7,755,236
Deposit and margin	17,600,994	5,385,318
Bank charges	3,946,509	4,081,800
Others	3,161,053	4,214,265
Total	349,178,921	345,114,005

(3) Receive other cash related to investment activities

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Current Borrowings	60,000,000	25,000,000
Total	60,000,000	25,000,000

(4) Paying other cash related to investment activities

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Financial product	66,649,744	108,875,627
Total	66,649,744	108,875,627

(5) Paying other cash related to fundraising activities

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Financial product	47,448,365	123,281,880
Repayment of lease liabilities principal and interest	83,069,261	100,497,334
Total	130,517,626	223,779,214



52. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
1. Reconciliation of net profits and cash flow from operating activities:		
Net profits	5,465,209	42,608,150
Add: Provision for impairment losses on assets	–	–
Credit impairment loss	5,618,133	4,814,126
Depreciation of fixed assets	45,939,540	48,115,364
Depreciation of right-of-use assets	87,637,999	93,398,663
Depreciation of investment property	4,345,282	4,345,282
Amortization of intangible assets	8,724,086	8,411,074
Amortization of long-term prepaid expenses	52,483,433	31,007,895
Net Losses on disposal of fixed assets, intangible assets and other long-term assets	(527,328)	(2,493,194)
Losses arising from the scrapped fixed assets	1,082,522	1,251,136
Losses (Gains) on changes in fair value	8,128,666	(23,871,554)
Financial expenses	67,546,607	79,560,052
Losses arising from investments	(1,785,996)	–
Amortization of government grants related to assets	4,202,237	(4,537,874)
Decrease in deferred tax assets	(746,567)	(1,450,388)
Increase in deferred tax liabilities	(2,034,202)	6,025,969
Decrease(Increase) in inventories	264,310,441	221,490,317
Decrease in operating receivables	29,215,859	(110,828,251)
Increase in operating payables	156,383,605	(14,618,228)
Net cash flows from operating activities	735,989,526	383,228,539
2. Net changes in cash and cash equivalents:		
Closing balance of cash	936,102,881	1,071,352,905
Less: Opening balance of cash	1,018,462,092	1,032,858,750
Net increase in cash and cash equivalents	(82,359,211)	38,494,155

(2) Cash and cash equivalents

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Cash		
Including: Cash on hand	7,470,595	7,604,812
Bank deposits on demand	928,632,286	1,063,748,093
Closing balance of cash and cash equivalents	936,102,881	1,071,352,905



VII. CHANGES IN THE CONSOLIDATION SCOPE

None.

VIII. EQUITY IN OTHER ENTITIES

Equity in subsidiaries

Components of the Company

Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Jingkelong (Langfang) Co., Ltd. (Jingkelong Langfang)	Limited company	Langfang, PRC	Retail	80,000,000	Retail of general merchandise	100	100	Yes	
Beijing Jingkelong Supermarket Chain Co., Ltd. (Jingkelong Tongzhou)	Limited company	Beijing, PRC	Retail	29,000,000	Retail of general merchandise	100	100	Yes	
Beijing Xinyang Tongji Commercial Facilities Co., Ltd. (Xinyang Tongji)	Limited company	Beijing, PRC	Manufacture	10,000,000	Production of plastic packing materials and installation and maintenance of commercial equipment	55.66	55.66	Yes	
Beijing Jingkelong Shouchao Commercial Co., Ltd. (Shoulian Supermarket)	Limited company	Beijing, PRC	Retail	398,453,439	Retail of general merchandise	100	100	Yes	
Beijing Jingkelong Haotian Hotel Management Co., Ltd. (Haotian Hotel)	Limited company	Beijing, PRC	Hospitality	5,000,000	Hotel management, food and beverage, and leasing	100	100	Yes	
Beijing Jingkelong Vocational Training School (Training School)	Institutional organization	Beijing, PRC	Training	500,000	Training of shop assistant	100	100	Yes	
Beijing Lianchao Company Limited (the "Lianchao Limited")	Limited company	Beijing, PRC	Retail	10,000,000	Sales of daily necessities, Wujinjiadiao, such as needle textiles	100	100	Yes	
Beijing Chaopi Trading Co., Ltd. (Chaopi Trading)	Limited company	Beijing, PRC	Wholesale	500,000,000	Wholesale of general merchandise	79.85	79.85	Yes	
Beijing Chaopi Shuanglong Alcohol Sales Co., Ltd. (Chaopi Shuanglong)*	Limited company	Beijing, PRC	Wholesale	110,160,000	Wholesale of beverages	47.11	59.00	Yes	
Beijing Chaopi Huaqing Beverage Co., Ltd. (Chaopi Huaqing)*	Limited company	Beijing, PRC	Wholesale	80,000,000	Wholesale of drinks and food	42.66	53.43	Yes	
Beijing Chaopi Flavourings Co., Ltd. (Chaopi Flavouring)*	Limited company	Beijing, PRC	Wholesale	50,000,000	Wholesale of edible oil and food	42.03	52.63	Yes	
Beijing Chaopi Jinglong Oil Sales Co., Ltd. (Chaopi Oil Sales)*	Limited company	Beijing, PRC	Wholesale	36,000,000	Wholesale of edible oil	43.30	54.23	Yes	
Shijiazhuang Chaopi Xinlong Trading Co., Ltd.*	Limited company	Shijiazhuang, PRC	Wholesale	5,000,000	Wholesale daily necessities, food, Wujinjiadiao, etc. (except for items that have not obtained special permits)	79.85	100	Yes	
Qingdao Chaopi Jinlong Trading Co., Ltd.*	Limited company	Qingdao, PRC	Wholesale	5,000,000	Wholesale daily necessities, food, Wujinjiadiao, etc. (except for items that have not obtained special permits)	79.85	100	Yes	



Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Chaopi Zhongde Trading Co., Ltd. (Chaopi Zhongde)*	Limited company	Beijing, PRC	Wholesale	93,000,000	Wholesale of consumer sanitary products	79.85	100	Yes	
Taiyuan Chaopi Trading Co., Ltd. (Chaopi Taiyuan)*	Limited company	Taiyuan, PRC	Wholesale	15,000,000	Wholesale of general merchandise	79.85	100	Yes	
Beijing Chaopi Yuli Trading Co., Ltd. (Chaopi Yuli)**	Limited company	Beijing, PRC	Wholesale	24,000,000	Wholesale of package service, packed food and storage service	30.31	70	Yes	
Beijing Chaopi Fangsheng Trading Co., Ltd.**	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of general merchandise	63.88	80	Yes	Note 1
Jinan Chaopi Linda Trading Co., Ltd. (Chaopi Jinan)*	Limited company	Jinan, PRC	Wholesale	26,000,000	Wholesale of package service, packed food and storage service	51.9	65	Yes	
Beijing Chaopi Shenglong Trading Co., Ltd. (Chaopi Shenglong)*	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of package service, packed food and storage service	47.11	59	Yes	
Beijing Chaopi Tianhua Trading Co., Ltd. (Chaopi Tianhua)*	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of package service, packed food and storage service	42.66	53.43	Yes	
Datong Chaopi Beichen Trading Co., Ltd. (Chaopi Datong)*	Limited company	Datong, PRC	Wholesale	26,000,000	Wholesale of package service, packed food and storage service	55.9	70	Yes	
Datong Chaopi Ant Trading Co., Ltd. (Chaopi Ant)**	Limited company	Datong, PRC	Retail	5,000,000	Retail department stores, food, daily groceries, warehousing services, etc.	55.90	100	Yes	Note 2
Tangshan Chaopi Baishun Trading Co., Ltd. (Chaopi Baishun)*	Limited company	Tangshan, PRC	Wholesale	30,000,000	Wholesale daily necessities, pre-packaged food, general freight, domestic conference and exhibition services, etc.	65.12	81.55	Yes	
Beijing Chaopi Maolisheng Trading Co., Ltd. (Chaopi Maolisheng)*	Limited company	Beijing, PRC	Wholesale	75,000,000	Wholesale daily necessities, knitting textiles, clothing, Wujinjiaduan, chemical products (excluding hazardous chemicals), etc.	51.9	65	Yes	
Hong Kong Chaopi Asia Co., Ltd. (Chaopi Hong Kong)**	Limited company	Hong Kong, PRC	Wholesale	HKD10,000	Merchandise trading	42.03	100	Yes	Note 3
Beijing Chaopi Hongchen Trading Co., Ltd. (Chaopi Hongchen)*	Limited company	Beijing, PRC	Wholesale	1,000,000	Wholesale of cosmetics	51.9	65	Yes	
Beijing Chaopi Shengshi Trading Co., Ltd. (Chaopi Shengshi)*	Limited company	Beijing, PRC	Wholesale	25,000,000	Wholesale of cosmetics etc.	51.9	65	Yes	
Beijing Chaopi Zhaoyang E-commerce Co., Ltd. (Chaopi Zhaoyang)*	Limited company	Beijing, PRC	Wholesale	72,000,000	Wholesale daily necessities, knitting textiles, clothing, Wujinjiaduan, chemical products (excluding hazardous chemicals), etc.	79.85	100	Yes	



Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Chaopi Xinyishangzhen Food Co., Ltd. (Xinyishangzhen)*	Limited company	Beijing, PRC	Wholesale	40,000,000	Sale of food, wholesale of pre-packaged food, dairy products, etc.	47.91	60	Yes	
Beijing Shangzhen Food Co., Ltd. (Shangzhen Food)**	Limited company	Beijing, PRC	Wholesale	5,000,000	Production of roasted seeds and nuts products and nut products (roasted and fried), candied fruit, fruit products (dried fruit products), etc.	47.91	100	Yes	
Tangshan Chaopi Shangzhen Food Co., Ltd. (Tangshan shangzhen)	Limited company	Tangshan, PRC	Manufacture	4,000,000	Fruit, nut, vegetable processing; convenience and other food manufacturing, food sales; conference services; exhibition display services; design, production, road general cargo transportation, etc.	47.91	100	Yes	
Chaopi Maolisheng Hong Kong Co., Ltd. (Maolisheng Hong Kong) **	Limited company	Hong Kong, PRC	Wholesale	HKD10,000	Import and export trade, cosmetics, food, medical equipment, design, warehousing, electronic products	51.90	100	Yes	Note 4
Beijing Chaopi Tianshi Information Technology Co., Ltd. (Chaopi Tianshi)*	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of cosmetics, food and general merchandise	79.85	100	Yes	
Chaopi International Trading (Shanghai) Co., Ltd (International Trading Shanghai) *	Limited company	Shanghai, PRC	Wholesale	9,800,000	Goods and technology import and export business and food circulation	79.85	100	Yes	
Beijing Chaopi Jiushengmingpin Trading Co., Ltd (Chaopi Jiusheng) *	Limited company	Beijing, PRC	Wholesale	30,000,000	Wholesale of general merchandise	79.85	100	Yes	
Beijing Chaopi Huansheng International Trading Company Limited (Chaopi Huansheng) *	Limited company	Beijing, PRC	Wholesale	15,000,000	Wholesale, retail food, health food; import and export goods; import and export agents	40.72	51	Yes	
Baoding Chaopi Trading Co., Ltd (Baoding Chaopi) *	Limited company	Baoding, PRC	Wholesale	10,000,000	Sale of food, cosmetics, household appliances, daily sundries, etc.	55.90	70	Yes	
Chaopi International Trading (Hong Kong) Co., Ltd. (International Trading Hong Kong) *	Limited company	Hong Kong, PRC	Wholesale	HKD5,000,000	Engaged in the import and export of goods and technology, food distribution, etc.	79.85	100	Yes	



Note:

- * Chaopi Trading holds more than 50% of the equity interest of those companies which are deemed to be the subsidiaries. As the Company holds 79.85% of Chaopi Trading, the holding percentage is different with the voting rights percentage.
- ** Chaopi Trading's subsidiary holds more than 50% of the equity interest of those companies which are deemed to be the subsidiaries. As the Company holds 79.85% of Chaopi Trading, the holding percentage is different with the voting rights percentage.

The details of the movement in registered capital of subsidiaries and the proportion changes of ownership interests and of voting power held by the Company in subsidiaries are as follows:

Note 1: On 27 December 2021, Chaopi Zhongde, a subsidiary of the Company's subsidiary Chaopi Trading, acquired 10% of the minority equity of its subsidiary Chaopi Fangsheng. After the acquisition, Chaopi Zhongde owns 80% of its equity, that is, the Company indirectly through Chaopi Trading Owns 63.88% equity interest in Chaopi Fangsheng.

Note 2: Due to the needs of operation and management, Chaopi Ant was cancelled on 31 December 2021, and it as a whole was absorbed and merged into Datong Beichen.

Note 3: Due to the needs of operation and management, Chaopi Hong Kong was cancelled on 20 August 2021.

Note 4: Due to the needs of operation and management, Maolisheng Hong Kong transferred the entire equity of the company to an external third-party company on 31 December 2021.



IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Name of the parent company	Type	Place of incorporation	Legal representative	Nature of business	Registered capital(10 thousand yuan)	Proportion of the entity's ownership interests held by the parent (%)	Proportion of the entity's voting power held by the controlling party (%)	The ultimate of the Company	Uniform social credit code
Chaofu Company	State-owned	Beijing	Zhao Yanchuan	Sales of food and oil products	72,000	40.61	40.61	Chaofu Company	9111000010163706x9

2. Subsidiaries of the Company

Please refer to Note (VIII) Equity in subsidiaries for the details of the subsidiaries of the Company.

3. Other related parties

No.	Names of other related parties	Relationship between other related parties and the company
1	Beijing Hongchaoweiy State-owned Assets Management Co., Ltd. ("Hongchaoweiy")	Controlled by the same parent company
2	Beijing Jinchaoyang Commerce State-owned Capital Operation Company ("Jinchaoyang")	Controlled by the same parent company
3	Beijing Shoulian Commercial Group Co., Ltd. ("Shoulian Group")	Controlled by the same parent company

4. Related party transaction

(1) Related party's lease transaction

Lessor	Lessee	Type of lease	Pricing basis of related party transaction	Notes	Six months ended at 30 June 2022 (unaudited) Amount	Six months ended at 30 June 2021 (unaudited) Amount
Chaofu Company	The Company	Rental expenses	Price negotiated	Note 1	309,141	309,141
Hongchaoweiy	Chaopi Trading, a subsidiary of the Company	Rental expenses	Price negotiated	Note 1	472,260	472,260
Hongchaoweiy	The Company	Rental expenses	Price negotiated	Note 1	3,695,933	3,689,539
Shoulian Group	The Company	Rental expenses	Price negotiated		-	1,500,000
Jinchaoyang	The Company	Rental expenses	Price negotiated		1,834,125	1,834,125

In 2008, the Company signed a house lease contract with Shoulian Group to lease a house on the east side of Kaiyuan Road, Huairou District, Beijing. The lease term is from 1 January 2009 to 31 December 2028, with an annual rent of RMB3 million. After the agreement is signed, a lump-sum payment of RMB45 million in rent for 15 years (including RMB15 million in rent for 2019 to 2023 in June 2009). Other rents shall be separately agreed by both parties; On 30 November 2020, Shoulian Group and Shoulian Supermarket signed a real estate purchase contract to purchase real estate and land use rights located at No. 46, Kaikai Road, Huairou District, Beijing. The real estate transfer was completed on 6 January 2022, Beijing Jingkelong Shouchao Commercial Co., Ltd. obtained the real estate title certificate No. Jing (2022) Huai Real Estate No. 000091.



Note 1: On 30 April 2004, the Company and its subsidiary Chaopi Trading leased several properties in Beijing from Chaofu Company, pursuant with annual rent incremental on every five years for a term from 1 January 2004 to 31 December 2023. From 2006 to 2009, the Group entered into lease contracts or supplemental agreements on several properties. As at 30 June 2011, the annual rents under the contracts with Chaofu Company were RMB7,344,499 and RMB920,853 respectively for the Company and its subsidiary Chaopi Trading. On 30 June 2011, except for the properties used by 10 stores of the Company (including 5 properties still owned by Chaofu Company and 5 properties for which lease agreements were terminated), the State-owned Assets Supervision and Administration Commission of Beijing Chaoyang District (“SASAC Chaoyang”) approved the transfer of the land and properties used by the Company from Chaofu Company to Beijing Hongchao Weiye SOE Management Company Limited (“Hongchao Weiye”). The Company continued to lease the properties owned by Chaofu Company for its 5 stores at annual rent of RMB162,758 with incremental once every five years. On 18 June 2012, the Company entered into a property lease supplemental agreement with Chaofu Company, pursuant to which the annual rent for the aforesaid five properties were adjusted to RMB1,111,933 effecting from 1 July 2012 with incremental by 3% every five years; and 1 additional property was leased at annual rent of RMB214,412 with incremental by 3% every five years for a term from 1 July 2012 to 31 December 2023. According to relevant agreements and documents, from 1 January 2015, the Company’s annual rental fee to Chaofu Company will be restored to the lease agreement signed before 18 June 2012.

On 1 July 2011, the Company entered into lease contracts with Hongchao Weiye to renew the leasing of properties under the original contractual terms at annual rent of RMB7,344,499 effecting from 1 July 2011. On 1 July 2012, the Company entered into supplemental agreements to the aforesaid lease contracts with Hongchao Weiye, pursuant to which the annual rents for such properties were adjusted to RMB26,997,108 effecting from the same day with incremental by 3% every five years

On 1 July 2011, the Company’s subsidiary Chaopi Trading entered into lease contracts with Hongchao Weiye to renew the leasing of properties under the original contractual terms at annual rent of RMB920,853 effecting from 1 July 2011. On 1 July 2012, the Company’s subsidiary Chaopi Trading entered into supplemental agreements to the aforesaid lease contracts with Hongchao Weiye, pursuant to which the annual rents for such properties were adjusted to RMB2,808,259 effecting from the same day with incremental by 3% every five years

On 18 December 2013, the Company entered into supplemental agreements to the aforesaid lease contracts with Hongchao Weiye. Considering the Company paid relevant construction fees on the rebuild project of certain of the properties in previous years and the renovation project conducted by the Company on behalf of Hongchao Weiye, Hongchao Weiye will compensate the Company for the cost of construction costs and related taxes paid (“agent construction fees”) on property renovation project and re-build project of RMB86,742,211, including RMB41,265,838 recorded in other receivables and RMB45,476,373 recorded in long-term receivables. Meanwhile, agent construction fees receivables of RMB22,197,108 recorded in other receivables will immediately offset the rent payable to Hongchao Weiye at the end of 2013 as agreed by both parties. From the 1 January 2014 to 31 December 2023, the fees on the rebuild project of certain properties in previous years and the renovation project conducted by the Company on behalf of Hongchao Weiye will offset the rent to the Hongchao Weiye at end of every year.



On 25 November 2014, the Company entered into supplemental agreements again to terminate the two supplemental agreements assigned on 1 July 2012 and 18 December 2013 respectively. From 1 July 2014 to 31 December 2023, the annual rents of such properties were adjusted to revert to the amount in the agreements on 1 July 2011, which were RMB7,344,499 and RMB920,853 respectively with incremental by 3% every five years. Meanwhile, for the rest of agent construction fee amounted to RMB58,164,490 on 30 June 2014, Hongchao Weiye won't take the responsibility of paying the funds back when the original agreement and supplemental agreements are executed efficiently. The aforesaid rest of agent construction fee is undertaken and amortized by the Company.

(2) Related party loans

Lessor	Lessee	Type of lease	Pricing basis of related party transaction	Six months ended at 30 June 2022 (unaudited) Amount	Six months ended at 30 June 2021 (unaudited) Amount
Shoulian Group	Shoulian Supermarket, a subsidiary of the Company	Loan	Price negotiated	12,042,800	76,332,816
		Interest		302,837	1,477,137
Shoulian Group	Lianchao Limited, a subsidiary of the Company	Loan	Price negotiated	32,600,000	32,600,000
		Interest		573,746	595,317

(3) Compensation for key management personnel

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Compensation for key management:	2,385,838	2,796,484

5. Receivables and payables of related parties

The balance of accounts receivable between the Group and related parties is as follows

Item	Nature of Payment	2022.6.30 (unaudited)	2021.12.31 (audited)
Other receivables			
Shoulian Group	Borrowings	876,583	4,071,315
Right-of-use asset			
Hongchaoweiyue	Lease	10,579,468	14,105,249
Chaofu Company	Lease	794,402	1,059,202
Jinchaoyang	Lease	4,248,707	5,664,942
Shoulian Group	Lease	–	6,000,000
Other non-current assets			
Shoulian Group	Loan	44,642,800	106,751,658



The balance of payables between the Group and related parties is as follows

Item	Nature of Payment	2022.6.30 (unaudited)	2021.12.31 (audited)
Non-current liabilities due within one year			
Hongchaoweiyi	Lease	7,699,134	7,556,216
Chaofu Company	Lease	565,868	552,494
Jinchaoyang	Lease	3,357,282	3,277,933
Lease liability			
Hongchaoweiyi	Lease	4,680,655	8,407,624
Chaofu Company	Lease	278,529	579,568
Jinchaoyang	Lease	1,702,036	3,400,751

6. Related party commitments

The Company had signed a lease contract with Chaofu Company, Hongchaoweiyi and Jinchaoyang for operation and storage.

The anticipated future rent by the Group:

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
1st year subsequent to the balance sheet date	12,622,919	12,622,919
2nd year subsequent to the balance sheet date	6,311,460	12,622,919
3rd year subsequent to the balance sheet date	—	—
Subsequent periods	—	—
Total	18,934,379	25,245,838

The above related party transactions under paragraph 3 of Note (IX) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

X. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Capital commitments

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Acquisition of fixed assets		
Authorized but not contracted	417,791,534	398,955,939
Contracted but not provided	197,279,519	202,878,444
Total	615,071,053	601,834,383

2. Contingencies

As at 30 June 2022, the Company has no major contingencies that need to be disclosed.



XI. SIGNIFICANT SUBSEQUENT EVENTS AFTER REPORTING PERIOD

On 26 August 2019, the Company issued corporate bonds in the aggregate amount of RMB400,000,000 with a term to maturity of 5 years. The holders of the Corporate Bonds are entitled to opt for selling all or part of the Corporate Bonds held by them back to the Company at par value at the end of the third year after the issuance. As all holders of the Corporate Bonds opted for such selling back at par value, the Company will settle the principal of all such Corporate Bonds together with handling fees to the holders of the Corporate Bonds at a total amount of RMB400,020,000 on 26 August 2022.

In anticipation of the said possible selling back, the Group raised funds in advance, meanwhile, in order to reduce the capital cost, the repayment funds raised in advance were handled in certain commercial banks as structured deposits. According to the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Further Regulating the Structured Deposit Business of Commercial Banks (Yin Bao Jian Ban Fa (2019) No. 204) (《中國銀保監會辦公廳關於進一步規範商業銀行結構性存款業務的通知》(銀保監辦發〔2019〕204號)), structured deposits should be managed as deposits by commercial banks. The Group included structured deposits under the entry “financial assets held for trading” in accordance with the Ministry of Finance’s Notice on Strictly Implementing Accounting Standards for Enterprises and Effectively Strengthening the Work of Enterprises in 2020 Annual Report (Finance and Accounting 2021) No. 2 (《關於嚴格執行企業會計準則切實加強企業2020年年報工作的通知》(財會2021)2號文). As at the date of this report, the aforesaid structured deposits have all matured and funds will be used to repay the principal amount of the Corporate Bonds sold back by the bondholder on 26 August 2022.

As at the date of this report, save as disclosed in this report, no other important events significantly affecting the operation and financial performance of the Group have occurred since 30 June 2022.

XII. OTHER SIGNIFICANT EVENTS

1. Disclosure of fair value

On 30 June 2022, The Group, using the assets at fair value, subscribed the fund products of Junxiang Wuliangye No. 1 for subsidiary Chaopi Trading:

1.1 Assets measured at fair value

Item	First level fair value measurement	The end of the fair value		Total
		Second level fair value measurement	Third level fair value measurement	
Continuous fair value measurement				
Financial assets held for trading		421,507,123		421,507,123
Other non-current financial assets	96,653,610			96,653,610
Total liabilities consistently measured at fair value	96,653,610	421,507,123		518,160,733

1.2 Basis for determining the market price of continuous and non-sustainable first-level fair value measurement projects

The market price of the project is determined based on the transaction statement provided by the securities company.



2. Segment reporting

For the purpose of management, the Group classified the operations into three segments according to the product and service:

- (a) The retailing segment mainly engages in the distribution of food, untagged food, daily necessities, drinks and cigarettes, hardware and household appliances;
- (b) The wholesaling segment mainly engages in the wholesale supply of daily consumer products, including food, untagged food, beverages, drinks, cigarettes and daily necessities;
- (c) The “others” segment comprises, principally, selling plastic packing products, hotel services and school training services.

Management monitors the results of the Group's operating segments separately aiming at making decisions about resources allocation and performance assessment.

The segment report information is disclosed according to the accounting policies and measurement standard adopted by each segment when reporting to the board of directors and these principles of measurement should be consistently with the accounting policy and measurement standard of this financial statement.



All the assets and liabilities have been allocated to respective segment, no unallocated asset and liability which are centrally managed by the Group.

The transfer pricing of inter-segment is based on the market price as well as the actual transaction price.

Six months ended 30 June 2022 (unaudited)

Item	Retailing	Wholesaling	Others	Inter-segment offset	Total
Operating income					
External revenue	1,966,122,702	3,357,406,266	8,973,289	-	5,332,502,257
Inter-segment revenue	11,274,335	197,260,006	10,700,741	(219,235,082)	-
Total	1,977,397,037	3,554,666,272	19,674,030	(219,235,082)	5,332,502,257
Total profit	(46,866,932)	72,546,168	(927,490)	-	24,751,746
Income tax expenses	(720,125)	19,867,274	139,388	-	19,286,537
Net profit	(46,146,807)	52,678,894	(1,066,878)	-	5,465,209
Supplementary information:					
Depreciation and amortization expenses	152,718,970	43,280,799	3,130,572	-	199,130,341
Impairment losses on credits	-	5,618,133	-	-	5,618,133
Capital expenditures	186,489,095	4,436,875	25,813	-	190,951,783

Six months ended 30 June 2021 (unaudited)

Item	Detailing	Wholesaling	Others	Inter-segment offset	Total
Operating income					
External revenue	1,914,332,993	3,922,705,096	10,297,070	-	5,847,335,159
Inter-segment revenue	15,028,041	198,762,420	9,625,050	(223,415,511)	-
Total	1,929,361,034	4,121,467,516	19,922,120	(223,415,511)	5,847,335,159
Total profit	(3,657,838)	74,092,346	(693,851)	-	69,740,657
Income tax expenses	2,350,438	24,413,977	368,092	-	27,132,507
Net profit (loss)	(6,008,276)	49,678,369	(1,061,943)	-	42,608,150
Supplementary information:					
Depreciation and amortization expenses	137,995,963	41,761,160	5,521,153	-	185,278,276
Impairment losses on credits	50,003	4,764,123	-	-	4,814,126
Capital expenditures	94,709,670	53,087,960	67,963	-	147,865,593

2022.6.30 (unaudited)

Item	Retailing	Wholesale	Others	Inter-segment offset	Total
Total assets	3,859,122,732	4,557,456,001	260,917,244	(969,331,207)	7,708,164,770
Total liabilities	2,974,711,863	3,691,171,696	17,625,885	(974,670,781)	5,708,838,663

2021.12.31 (audited)

Item	Detailing	Wholesale	Others	Inter-segment offset	Total
Total assets	3,667,995,292	4,753,450,418	299,295,068	(878,648,306)	7,842,092,472
Total liabilities	2,763,125,238	3,863,518,451	31,529,557	(882,854,318)	5,775,318,928



3. Other significant issues which influence the decision making of investors

Net current assets

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Current assets	4,837,413,877	4,846,982,996
Less: Current liabilities	4,775,966,373	4,423,720,333
Net current assets	61,447,504	423,262,663

Total assets less current liabilities

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Total assets	7,708,164,770	7,842,092,472
Less: Current liabilities	4,775,966,373	4,423,720,333
Total assets less current liabilities	2,932,198,397	3,418,372,139

4. Lease

(1) The Group as lessee

① Right-of-use and lease liabilities refer to Note (VI) 13, 30.

② Details of included in the current profit and loss and related asset costs

Item	Included in the current profit and loss		Included in related asset costs	
	Presentation item	Amount	Presentation item	Amount
Short-term lease expenses (applicable to simplified)	Selling expenses	9,361,402	-	-
Lease fees for low-value assets (applicable to simplified)	-	-	-	-
Variable lease payments not included in lease liability measurement	-	-	-	-
Income from sublease of right-of-use assets	Other operating income	34,370,686	-	-
Sale and leaseback transaction	-	-	-	-

Note: The "short-term lease expenses" in the table above do not include lease-related expenses with a lease term of less than one month; the "low-value asset lease expenses" do not include the short-term lease expenses of low-value assets included in the "short-term lease expenses".



③ *Lease-related cash flow outflows*

Item	Types of cash flow	Amount for the year
Cash paid for principal and interest on lease liabilities	Cash outflow of financing activities	83,069,261
Payments for short-term leases and low-value assets (applicable to simplified)	Cash outflow from operating activities	5,879,086
Variable lease payments paid that are not included in the lease liability	Cash outflow from operating activities	–
Total	–	88,948,347

④ *Other information*

Nature of lease activity

The main leased assets in this period are houses, which are basically used in retail stores and commodity warehouses. The lease term is generally 5-20 years, and no lease renewal option is stipulated in the lease contract.

⑤ *The impact of the simplified treatment of rent reductions related to the COVID-19*

The Group adopts simplified treatment methods for all lease contracts that meet the applicable scope and conditions of (Cai Kuai [2020] No. 10) (Details refer to Note IV, 23 “Lease”).

The simplified treatment mentioned above caused that the Group’s sales expenses from January to June 2022 decreased by RMB65,829 and “net profit attributable to shareholders of the parent company” increased by RMB65,829.



(2) The Group as lessor

Information related to operating leases

① Included in the current profit and loss

Item	Included in the current profit and loss	
	Presentation item	Amount
Rental income (Note)	Other operating income	96,375,956
Revenue related to variable lease payments that are not included in the measurement of lease receipts	—	—
Total	—	96,375,956

Note: Which including RMB34,370,686 of income from sublease of Right-of-use asset, please refers to 'Note XII, 4, (1), ② Details of included in the current profit and loss and related asset costs.

② Collection of lease payments

Item	Amount of undiscounted lease payments to be received
1st year subsequent to the balance sheet date	163,331,406
2nd year subsequent to the balance sheet date	68,371,588
3rd year subsequent to the balance sheet date	35,422,327
4th year subsequent to the balance sheet date	18,756,878
5th year subsequent to the balance sheet date	9,008,189
Subsequent periods	8,662,102
Total	303,552,490

③ Other information

Nature of lease activity

The main leased assets in this period are houses (including the lease of own property and the sublet of leased property). The lease term is generally 3-10 years, and no lease renewal option is stipulated in the lease contract.



XIII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts receivable

(1) Presentation of accounts receivable by category

	2022.6.30 (unaudited)				
	Carrying amount		Credit loss provision		Net book
Category	Amount	Proportion (%)	Amount	Rate (%)	value
Accounts receivable with single provision for credit loss	-	-	-	-	-
Accounts receivable with credit loss provision based on portfolio	157,126,938	100	-	-	157,126,938
Total	157,126,938	100	-	-	157,126,938

Category	2021.12.31 (audited)				
	Carrying amount		Credit loss provision		Net book value
	Amount	Proportion (%)	Amount	Rate (%)	
Accounts receivable with single provision for credit loss	—	—	—	—	—
Accounts receivable with credit loss provision based on portfolio	85,664,480	100	—	—	85,664,480
Total	85,664,480	100	—	—	85,664,480

(2) Accounts receivable according to aging analysis:

Aging	2022.6.30 (unaudited)			
	Carrying amount	Proportion (%)	Credit loss provision	Net book value
Within 1 year	157,126,938	100	-	157,126,938
1-2 years	-	-	-	-
2-3 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	157,126,938	100	-	157,126,938

Accounting receivable according to credit loss allowance by aging analysis

Aging	2022.6.30 (unaudited)		
	Accounting receivable	Credit loss provision	Proportion (%)
Within 1 year	157,126,938	-	0
1-2 years	-	-	3
2-3 years	-	-	10
3-4 years	-	-	25
4-5 years	-	-	50
Over 5 years	-	-	100
Total	157,126,938	-	



2. Other receivables

Item	2022.6.30 (unaudited)	2021.12.31 (audited)
Other receivables	508,920,918	420,225,552
Interest receivables	–	–
Dividend receivables	–	–
Total	508,920,918	420,225,552

Details of other receivables

(1) Presentation of other receivables by category:

	2022.6.30 (unaudited)				
	Carrying amount	Proportion	Credit loss provision		Net book
Category	Amount	(%)	Amount	Rate (%)	value
Other receivables that are individually significant and for which credit loss allowance is assessed individually	–	–	–	–	–
Other receivables for which credit loss allowance is assessed by groups according to credit risk characteristics	508,920,918	100	–	–	508,920,918
Total	508,920,918	100	–	–	508,920,918

Category	2021.12.31 (audited)				Net book value
	Carrying amount		Credit loss provision		
	Amount	Proportion (%)	Amount	Rate (%)	
Other receivables that are individually significant and for which credit loss allowance is assessed individually	–	–	–	–	–
Other receivables for which credit loss allowance is assessed by groups according to credit risk characteristics	420,225,552	100	–	–	420,225,552
Total	420,225,552	100	–	–	420,225,552

(2) Aging analysis of other receivables is as follows

	2022.6.30 (unaudited)			
Aging	Carrying amount	Proportion%	Credit loss provision	Net book value
Within 1 year	508,920,918	100	—	508,920,918
1-2 years	—	—	—	—
2-3 years	—	—	—	—
3-4 years	—	—	—	—
4-5 years	—	—	—	—
Over 5 years	—	—	—	—
Total	508,920,918	100	—	508,920,918



Other receivables according to credit loss allowance by aging analysis

Aging	2022.6.30(unaudited)		
	Other receivables	Credit loss provision	Proportion%
Within 1 year	508,920,918	—	0
1-2 years	—	—	3
2-3 years	—	—	10
3-4 years	—	—	25
4-5 years	—	—	50
Over 5 years	—	—	100
Total	508,920,918	—	

3. Long-term equity investment

(1) Classification of long-term equity investments

Item	2022.6.30 (unaudited)			2021.12.31 (audited)		
	Carrying amount	Provision for impairment	Net book value	Carrying amount	Provision for impairment	Net book value
Investment in subsidiaries	1,246,991,571	—	1,246,991,571	1,246,991,571	—	1,246,991,571
Total	1,246,991,571	—	1,246,991,571	1,246,991,571	—	1,246,991,571

(2) Investment in subsidiaries

Investee	2021.12.31 (audited)	Increase in the period	Decrease in the period	2022.6.30 (unaudited)	Provision for impairment for the period	Provision for impairment at period end
Jingkelong Langfang	83,980,000	—	—	83,980,000	—	—
Chaopi Trading	436,505,594	—	—	436,505,594	—	—
Xinyang Tongli	5,565,775	—	—	5,565,775	—	—
Shoulian Supermarket	422,484,500	—	—	422,484,500	—	—
Jingkelong Tongzhou	29,000,000	—	—	29,000,000	—	—
Training School	500,000	—	—	500,000	—	—
Lianchao Limited	268,955,702	—	—	268,955,702	—	—
Total	1,246,991,571	—	—	1,246,991,571	—	—



4. Operating income and operating cost

Item	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Income	Cost	Income	Cost
Principal operating	1,674,281,044	1,426,856,832	1,601,231,562	1,352,620,078
Other operating	161,816,976	4,193,251	177,346,884	4,756,453
Total	1,836,098,020	1,431,050,083	1,778,578,446	1,357,376,531

5. Investment income

Item	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Investment income from distributed dividend of subsidiaries.	23,955,540	23,955,540
Investment gain from buying structured deposit	1,418,253	—
Total	25,373,793	23,955,540

