



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)

2025

INTERIM REPORT



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BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Liwei (*Chairman*)
Ms. Wang Hong
Mr. Zhang Hongbo
Mr. Yang Wensheng

NON-EXECUTIVE DIRECTORS

Ms. Zhang Yan
Ms. Li Ying (*appointed as a non-executive director on 16 May 2025*)
Mr. Li Jianwen (*resigned as a non-executive director on 16 May 2025*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kot Man Tat
Mr. Wang Liping
Mr. He Mingke (*appointed as an independent non-executive director on 16 May 2025*)
Mr. Chen Liping (*resigned as an independent non-executive director on 16 May 2025*)

AUDIT COMMITTEE

Mr. Kot Man Tat (*Chairman*)
Mr. Wang Liping
Mr. He Mingke (*appointed as member of the Audit Committee on 16 May 2025*)
Mr. Chen Liping (*resigned as member of the Audit Committee on 16 May 2025*)

REMUNERATION COMMITTEE

Mr. Wang Liping (*Chairman*)
Mr. Zhang Liwei
Mr. He Mingke (*appointed as member of the Remuneration Committee on 16 May 2025*)
Mr. Chen Liping (*resigned as member of the Remuneration Committee on 16 May 2025*)

NOMINATION COMMITTEE

Mr. He Mingke (*Chairman*) (*appointed as chairman of the Nomination Committee on 16 May 2025*)
Ms. Wang Hong (*appointed as member of the Nomination Committee on 16 May 2025*)
Mr. Wang Liping
Mr. Chen Liping (*resigned as chairman of the Nomination Committee on 16 May 2025*)

COMPANY SECRETARY

Ms. Pan Xuemin

AUTHORISED REPRESENTATIVES

Ms. Wang Hong
Ms. Pan Xuemin

AUDITORS

BDO CHINA Shu Lun Pan Certified Public Accountants LLP

LEGAL ADVISERS

As to Hong Kong law:

Woo Kwan Lee & Lo

As to PRC law:

Beijing Kangda Law Firm

PRINCIPAL BANKS

AGRICULTURAL BANK OF CHINA

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

BANK OF BEIJING

Jiulongshan Branch
117th Building
Jinsong Dongkou Nongguang Lane
Beijing, PRC

H SHARES REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED ADDRESS AND BUSINESS ADDRESS IN THE PRC

REGISTERED ADDRESS

Block No. 45
XinYuan Street
Chaoyang District
Beijing, PRC

*BUSINESS ADDRESS**

Block No. 39
Jiuxianqiao Road
Chaoyang District
Beijing, PRC

* The change of business address came into effect
from 4 August 2025.

PLACE OF BUSINESS IN HONG KONG

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Jardine House
1 Connaught Place
Central, Hong Kong

COMPANY WEBSITE

www.jkl.com.cn

SHAREHOLDERS' ENQUIRIES CONTACT INFORMATION OF THE COMPANY

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STOCK CODE

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FINANCIAL HIGHLIGHTS

Beijing Jingkelong Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) achieved the following results during the six months ended 30 June 2025 (the “**Reporting Period**”):

- Principal operating income amounted to approximately RMB3,984,419,068.29, representing a decrease of approximately 9.82% compared with the last corresponding period.
- Gross profit amounted to approximately RMB343,063,173.31, representing an increase of approximately 1.1% compared with the last corresponding period.
- Total profit amounted to approximately RMB-117,298,246.46, representing a decrease of approximately 42.95% compared with the last corresponding period.
- Net profit attributable to the parent company was approximately RMB-109,054,958.34, representing a decrease of approximately 19.11% 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 2025, amid a complex global trade landscape, China implemented comprehensive measures to boost domestic demand and unleash household consumption potential. In terms of consumption expenditure structure, during the Reporting Period, household consumption expenditure on daily necessities and services, transportation and communications, education, culture, and entertainment etc. increased rapidly, but the proportion of food, tobacco and alcohol consumption expenditure in per capita consumption expenditure decreased compared with the same period last year. With the implementation of various policies taking effect, the consumer market demonstrated strong resilience and vitality, though external uncertainties and instabilities remain significant. Faced with the extremely severe external environment and fierce market competition, the Group focused on brand building as a key strategy to enhance the value proposition for its target customers, strengthened and optimized the core business through the two-way empowerment of commodity power and service power, and increased its efforts to promote new breakthroughs in corporate transformation and upgrading.

RETAIL BUSINESS

The Group had 91 retail outlets as at 30 June 2025, including 83 directly-operated outlets and 8 franchise-operated outlets, with total net operating area of approximately 99,218 square metres. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2025:

	Department Stores	Hypermarkets	Supermarkets	Convenience Stores	Total
Number of retail outlets:					
Directly-operated	1	8	34	40	83
Franchise-operated				8	8
Total	1	8	34	48	91
Net operating area (square metres):					
Directly-operated	20,724	23,722	46,611	6,485	97,542
Franchise-operated				1,676	1,676
Total	20,724	23,722	46,611	8,161	99,218

During the Reporting Period, no new retail outlets were set up, whereas four (4) supermarkets and five (5) directly-operated convenience stores were closed due to lease expirations and adjustment of business strategy.



DEEPENING THE CREATION OF PURPOSEFUL CATEGORIES

During the Reporting Period, the Group continuously optimized its supply chain and improved cost performance of fruits, vegetables, meat, and eggs, with the penetration rate of vegetables, fruits, meat and fresh eggs increasing year-on-year, and the creation of purposeful categories was comprehensively upgraded. The Group increased the quantity and specifications of quantitative packaged products of fruit and vegetable products, implemented a model of direct sourcing from production bases, established direct supply channels for key products in many places across the country, and introduced products with geographical indications and selected high-quality items to enhance product competitiveness. In terms of pork products, the Group deepened its self-operated system, and added a variety of refined cuts and deep-processed products, formed an initial scenario-specific portfolio from fresh meat to semi-finished dishes, enhancing its competitive advantage in freshness management.

DEEPENING PRODUCT UPGRADES TO IMPROVE EFFICIENCY

During the Reporting Period, the Group continued to enrich irreplaceable products and streamline replaceable products, and adjusted the new product strategy from an extensive approach to a selective approach. The Group promoted the launch of new products and simultaneously implemented a “last-place elimination” mechanism to eliminate inefficient suppliers and slow-moving products, further optimizing the product structure. The Group deepened the integration of resources in the entire pipeline supply chain and realized full product warehousing to improve operational efficiency. The Group continued to develop member products, increased the product offerings and achieved full category coverage, further enhancing the appeal of membership. During the Reporting Period, stores steadily increased the proportion of on-site and self-operated products, systematically streamlined and established operating standards for on-site regular goods, and effectively integrated and standardized operational processes.

DEEPENING STORE OPERATIONS TO STRENGTHEN COMPETITION

During the Reporting Period, the Group adjusted the layout of several stores by optimizing product placement and display, standardizing stack heights, and unifying display standards to shift resources to key areas of weakness, resulting in clearer store layouts, improved sightlines, and more centralized merchandise display, enhancing shopping comfort. Furthermore, the Group closed stores deemed unprofitable to quickly stem losses and focused management efforts on high-potential stores, striving to enhance its brand image and customer experience. The Group actively carried out the special campaign of “Jingkelong Supermarkets enter the Communities”, integrating various convenient services and organizing nearly 200 community outreach activities for its stores, further expanding its brand influence.

DEEPENING BASIC MANAGEMENT TO INCREASE EFFICIENCY

During the Reporting Period, the Group standardized store management by refining operational standards for fresh product operation, basic management, in-store services, workflow implementation and safety work, while enhancing daily supervision and performance evaluation. The Group established clear product freshness and quality benchmarks, adopted a “zero-tolerance” policy toward quality issues, and strengthened sanitation management to comprehensively improve cleanliness standards. The Group upgraded the membership program, combined product labeling systems and promotional materials, and improved pricing tag regulations and marketing requirements. The Group improved its inventory management and replenishment capabilities by refining its standards and measures for stock shortages and stockouts. Through strengthening basic management, stores achieved continuous improvements in customer experience, foot traffic stabilized and showed an upward trend, with daily average customer flow recording a year-on-year increase.

DEEPENING SCIENCE AND TECHNOLOGY TO IMPROVE EFFICIENCY

During the Reporting Period, the Group completed the infrastructure and core functionality upgrade of its retail business system. At the store level, the Group offered multiple functions, including automatic replenishment of room temperature and fresh goods, direct delivery and automatic acceptance of goods, and one-click checkout. At the customer level, the Group achieved offline QR code payment processing, stored-value card and digital membership integration, simplified returns, and enabled omni-channel order tracking for members. At the headquarter level, the Group optimized merchandise databases and settlement systems, enhanced arrears recovery mechanisms and dynamic pricing algorithms, and introduced digital dashboards with advanced analytics reporting. Focusing on business scenario requirements, the Group improved management and data analysis capabilities and continuously strengthened the fundamental management of system operations.

DEEPENING FULL-COVERAGE OF SAFETY CONTROL

During the Reporting Period, the Group insisted on implementing risk prevention and control measures over food safety, to solidify the defence line of food safety. The Group steadily promoted food safety training, upholding national standards, while enhancing specialized corporate training, to enhance the professional competence of food industry personnel and further reinforce their primary responsibility for food safety. The Group conducted its first group-wide food safety emergency drill to simulate a food safety incident, tested the practicality of emergency response plans, enhanced interdepartmental coordination, and continuously strengthened all employees’ awareness of food safety risk prevention and response.



DEEPENING VALUE-ADDED LOGISTICS WITH CONCRETE EFFECTS

During the Reporting Period, the fresh food distribution center and the ambient distribution center actively shifted their mentality from a “service guarantee model” to a “service benefit model”. The Group merged the two distribution centers, and established a logistics division, to fully leverage the logistics resources and capabilities, promote all products warehousing, and increase warehousing rate. The Group adjusted the inventory structure to accelerate turnover rate. The Group fully tapped into its capabilities in warehouse distribution, dismantling, transportation and storage, to further release space for creating value. The Group leveraged its fresh food processing capability to develop a variety of semi-finished products for its stores, and enhanced the processing efficiency and unified control of food safety, making store operations simpler and more efficient, and food sales safer.

RETAIL OPERATING RESULTS

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

	For the six months ended 30 June		
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	Variance
Directly-operated retail outlets:			
Hypermarkets	328,233	394,558	-16.8%
Supermarkets	673,232	869,689	-22.6%
Convenience stores	75,927	98,305	-22.8%
Total retail principal operating income	1,077,392	1,362,552	-20.9%
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	16.6%	15.3%	1.3%

During the Reporting Period, the principal operating income of the Group’s retail business decreased by approximately 20.9% mainly due to the closure of certain stores resulting from lease expirations and operational strategy adjustments, which consequently led to a year-on-year sales decline.

During the Reporting Period, the gross profit margin of directly-operated retail business (excluding department stores) increased from approximately 15.3% in the same period of 2024 to 16.6%. The primary reasons for improvement were: (i) the strengthened development of purpose-driven categories, enhancing the cost-effectiveness of fruits, vegetables, meat, and eggs, and optimizing the supply chain, which effectively contributed to the increased gross profit margin; (ii) through upgrading the product mix, integrating omni-channel supply chains, developing member-exclusive products, and increasing the proportion of self-operated fresh/prepared food offerings, gross profit margin growth is achieved.

WHOLESALE BUSINESS

DEEPENING FULL CHAIN SYNERGY TO PROMOTE DEVELOPMENT

During the Reporting Period, the Group continued its full channel construction, and thoroughly engaged in the refined processing and supply of group meals. The Group deepened cooperation with suppliers, and worked with famous brands to release more than 30 joint SKUs through our exhibitions in Chengdu, Shanghai and other cities, to increase publicity and brand influence, and consolidate traditional supermarket channel, while expanding new business forms. The Group introduced quality brands, and insisted on a “full category + full channel” marketing dual-driven strategy, to further build our product matrix and enhance our supply chain ecologic synergy.

STRENGTHENING OVERALL LOGISTICS CAPABILITIES

During the Reporting Period, the Group reasonably adjusted the logistics warehouse layout, dynamically optimized warehouse space utilization, and regularly analyzed warehouse and turnover data, to maximize the warehouse utilization rate. By relying on the logistics TMS, the Group swiftly dispatched transport resources, and improved vehicle loading rate and daily average loading rate. The Group continued to provide end-to-end warehouse storage and distribution services to third party customers, and reduced customer’s supply chain cost by offering specialized logistics solutions such as optimizing inventory management and shortening inventory turnover days, to increase logistics service efficiency and improve its overall logistics capabilities.



WHOLESALE OPERATING RESULTS

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

	For the six months ended 30 June		
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	Variance
Principal operating income recognised by Chaopi Group*	3,042,576	3,193,246	-4.7%
Less: Intersegment sales			
Sales to franchisees	-139,915	-139,239	-0.5%
Consolidated wholesale principal operating income	2,902,661	3,054,007	-5.0%
Gross profit margin**(%)	5.6%	4.3%	1.3%

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

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

During the Reporting Period, the principal operating income of the wholesale business decreased by 5.0%, which was mainly due to the following reasons: (i) the alcoholic beverage business experienced a decline in sales revenue due to upstream supply chain volatility and market price adjustments; (ii) the grains and oils segment reported a lower core business revenue, primarily resulting from the shift of certain distribution channels to direct-operation models and decreased sales through the Wumart system.

During the Reporting Period, the gross profit margin of Chaopi Group was 5.6%. The gross profit margin during the corresponding period in 2024 was 4.3%. There is an increase of 1.3%, mainly because of: (i) the addition of Yili brand's UHT milk and yogurt products optimized the product mix, driving an improvement in gross margin; (ii) the adjustment of Unilever's brand manufacturer policies for e-commerce channels in the household and personal care category contributed to gross margin growth.

FINANCIAL RESULTS

	For the six months ended 30 June		
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	Variance
Principal operating income	3,984,419	4,418,443	-9.8%
Gross profit	343,063	339,326	1.1%
Gross profit margin (%)	8.6%	7.7%	0.9%
Earnings before interest and tax	-64,831	-25,055	-158.8%
Net profit	-115,355	-85,737	-34.5%
Net profit margin (%)	-2.9%	-1.9%	-1.0%
Net profit attributable to the parent company	-109,055	-91,562	-19.1%
Net profit margin attributable to the parent company (%)	-2.7%	-2.1%	-0.6%

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income decreased by approximately 9.8%, of which principal operating income of the retail business decreased by approximately 20.9%, and principal operating income of the wholesale business decreased by approximately 5.0%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group increased by approximately 1.1% compared to the corresponding period last year. During the Reporting Period, the gross profit margin was 8.6% (corresponding period last year: 7.7%).

NET PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

During the Reporting Period, net profit attributable to the parent company decreased by approximately 19.1% compared with the corresponding period last year. The earnings before interest and tax of this period amounted to approximately RMB-64,831,295.43, representing a decrease of RMB39,776,168.08 compared with the corresponding period last year, and the net profit attributable to the parent company decreased from RMB-91,561,995.45 of the corresponding period last year to RMB-109,054,958.34.



LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2025, the Group had non-current assets of RMB2,120,597,205.08 (comprising mainly fixed assets, investment properties, and land use rights for a total of RMB986,668,342.06), and non-current liabilities of RMB466,236,230.53 (mainly comprising leases liabilities of RMB445,531,077.31).

As at 30 June 2025, the Group had current assets of RMB4,287,817,607.75. Current assets mainly comprised cash and cash equivalents of RMB886,615,327.25, inventories of RMB1,348,518,720.93, and accounts receivable of RMB1,026,066,987.90, prepayments and other receivables of RMB816,420,069.95, and other current assets of RMB210,196,501.72. The Group had total current liabilities of RMB4,454,416,575.16. Current liabilities mainly comprised notes payable and accounts payable of RMB768,808,061.29, short term bank loans of RMB2,645,639,091.44 and contract liabilities of RMB424,011,504.45, and other payables of RMB284,393,977.49.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 30 June 2025, the Group had a total loan amount of RMB2,645,639,091.44, which consisted of accounts receivable factored bank loans of RMB1,300,812.71 and unsecured bank loans of RMB2,644,338,278.73. All bank loans of the Group bear interest rates ranging from 2.35% to 4.50% per annum.

Certain margin deposit of the Group of RMB21,567,527.88 were pledged for notes payable of RMB214,246,957.80 as at 30 June 2025.

The Group's debt-to-asset ratio* was approximately 76.8% as at 30 June 2025, which was slightly higher than that as at 30 June 2024 (approximately 75.9%).

As at 30 June 2025, the gearing ratio** of the Group was approximately 3.3 times.

* Represented by: Total Liabilities/Total Assets

** Represented by: Total Liabilities/Total Equity

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 2025, the Group employed 3,837 employees domestically (as at 30 June 2024: 4,260 employees). The total staffing costs (including directors' remunerations) of the Group for the Reporting Period amounted to RMB327,370,218.17 (corresponding period of 2024: RMB323,702,437.00). The staff emoluments (including directors' emoluments) of the Group are based on position, duty, experience, performance and market rates, in order to maintain their remunerations at a competitive level.

CONTINGENT LIABILITIES

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

LITIGATION

In 2002, the Company entered into a land acquisition and compensation agreement with the People's Government of Guanzhuang Township, Chaoyang District, Beijing* (北京市朝陽區管莊鄉人民政府) (the **"Guanzhuang Township Government"**), pursuant to which the Guanzhuang Township Government transferred 243.71 unit of area (in mu) of collective land under the jurisdiction of Guanzhuang Township Government to the Company for the construction of a distribution and fresh food processing center, and the Company shall pay the total compensation of RMB60,440,000 to the Guanzhuang Township Government. On 13 November 2006, the Company and the Guanzhuang Township Government entered into a supplementary agreement in respect of the above land transfer, and the Guanzhuang Township Government increased the compensation to RMB97,484,000. On 20 November 2006, the Company entered into a supplementary agreement with the Guanzhuang Township Government and the Guanzhuang Agricultural, Industrial and Commercial Joint Corporation of Chaoyang District, Beijing* (北京市朝陽區管莊農工商聯合公司) (the **"AICC"**) in respect of the above land transfer matters, and the Guanzhuang Township Government authorized the AICC to collect the compensation. Upon the signing of the above agreements, the Company has paid a total compensation of RMB45,132,000 to Guanzhuang Township Government and the AICC. Due to the change of planned use and other reasons, the contract purpose of the Company (i.e. construction of distribution and fresh processing center) cannot be fulfilled, and the above agreements could no longer be performed. In order to recover the compensation paid and safeguard the legal rights of the Company, the Company filed a lawsuit against the Guanzhuang Township Government and the AICC with the Beijing Chaoyang District People's Court* (北京市朝陽區人民法院) in July 2022, requiring that the land compensation agreement and supplementary agreement entered into with the Guanzhuang Township Government be held void, and requiring the Guanzhuang Township Government and AICC to return the compensation fee of RMB45,132,000 and related interest accrued during the period of their retention of the compensation fee. The Company returned the land to Guanzhuang Township Government on 24 November 2022. On 27 May 2024, the Company received a judgment from the Beijing Chaoyang District People's Court (being the first instance court), which required the Company to pay the land leveling fees in an amount of RMB206,700 to the Guanzhuang Township Government and restore the land to conditions suitable for cultivation, and dismissed all requests of the Company and other counterclaims of Guanzhuang Township Government. On 9 May 2025, the Beijing Third Intermediate People's Court* (北京市第三中級人民法院) issued the second-instance ruling on this case, revoking the judgment issued by the first instance court. The case was remitted to the first-instance court for retrial. As of the date of this report, the retrial legal proceedings of this case are still ongoing.



OUTLOOK

In the second half of 2025, as China's economy will continue to demonstrate strong resilience with enormous growth potential, the Group will further strengthen the foundations of high-quality development, drive breakthroughs through reform, push boundaries with innovation, and sharpen its focus on brand building. By synergistically enhancing both product competitiveness and service capabilities, the Group will solidify its core business operations and fully commit to achieving new breakthroughs in corporate transformation and upgrading.

In terms of retail business: The Group aims to improve customer experience, improve employees' well-being, and build the benchmark for retail shops in Beijing, to further deepen brand development and precisely align with differentiated product demands, and fully improve the core competitiveness of purposeful categories. The Group will continue to optimize business systems and enhance digital and AI empowerment. The Group will also enhance talents development and infuse energy into corporate development.

In terms of wholesale business: The Group will uphold the central task of high quality development, speed up central kitchen building, promote the standardization of all categories. The Group will speed up the expansion and innovation of ready-made product categories, build efficient group meals supply chain, promote community canteen business development, expand new growth path, and improve service and commercial efficiency by multiple means.

EVENTS DURING THE REPORTING PERIOD

CHANGE OF DIRECTORS

During the Reporting Period, the resolutions in relation to the change of directors of the Company were passed at the 2024 Annual General Meeting held on 16 May 2025. Mr. Zhang Liwei, Ms. Wang Hong, Mr. Zhang Hongbo and Mr. Yang Wensheng were appointed as executive directors; Ms. Zhang Yan and Ms. Li Ying were appointed as non-executive directors; and Mr. Kot Man Tat, Mr. Wang Liping and Mr. He Mingke were appointed as independent non-executive directors. Their terms of office are from the conclusion of the 2024 Annual General Meeting to the conclusion of the 2027 Annual General Meeting. Other than Ms. Li Ying and Mr. He Mingke, all other directors are members of the last session of the board of directors of the Company (the "**Board**").

Pursuant to the requirements of the State-owned Assets Supervision and Administration Commission of the Beijing Chaoyang District Government* (北京市朝陽區人民政府國有資產監督管理委員會), Mr. Li Jianwen did not intend to stand for re-election as a non-executive director, while Mr. Chen Liping did not intend to stand for re-election as an independent non-executive director due to work reasons. Their terms of office ended at the conclusion of the 2024 Annual General Meeting. In particular, Mr. Chen ceased to be the chairman of the Nomination Committee and the members of the Audit Committee and Remuneration Committee of the Board.

Both Mr. Li and Mr. Chen confirmed that they have no disagreement with the Board and the Company and there is no matter relating to their retirement that will need to be brought to the attention of the shareholders of the Company.

With effect from 16 May 2025, Mr. He Mingke was appointed as the chairman of the Nomination Committee and the members of the Audit Committee and Remuneration Committee of the Board. For the composition of the committees of the Board, please refer to the relevant announcement of the Company dated 16 May 2025.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, no other material events affecting the operation and financial performance of the Group significantly have occurred after the Reporting Period.





OTHER INFORMATION

CORPORATE GOVERNANCE

In the opinion of the Board, 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 Part 2 of Appendix C1 of the Listing Rules during the Reporting Period, save for the directors’ retirement by rotation as set out below.

Code provision B.2.2 of Part 2 of the Corporate Governance Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Company’s Articles of Association stipulates that each director shall be elected at the shareholders’ 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 currently contain no express provision for the directors’ retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

DIRECTORS’ 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 C3 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 Company’s 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 auditors 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 2025 unaudited interim consolidated results. The Audit Committee considered that this interim report for the six months ended 30 June 2025 was in compliance with the relevant accounting standards, requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the laws of Hong Kong, and appropriate disclosures have been made.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and positions of the directors 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 (Cap 571 of the Laws of Hong Kong) (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 C3 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	Beneficial owner	400,100	0.17	0.10
Wang Hong	Beneficial owner	186,696	0.08	0.05
Zhang Hongbo	Beneficial owner	100,000	0.04	0.02

Save as disclosed above, as at 30 June 2025, none of the directors 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 C3 of the Listing Rules.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, so far as is known to the directors or chief executive of the Company, the persons (other than a director or chief executive of the Company) who had, or who 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” before being renamed.

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	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	13.71	6.06

Note:

- 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.
- 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 or chief executives of the Company, as at 30 June 2025, no other persons (not being a director 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

During the Reporting Period, the Company did not hold any treasury shares. Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Company did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group) during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.



Beijing Jingkelong Company Limited All Shareholders:

We have reviewed the accompanying interim financial statements of Beijing Jingkelong Commercial Group Co., Ltd. (hereinafter referred to as "Jingkelong Company"), which comprise the consolidated and company balance sheets as at 30 June 2025, the consolidated and company income statements, consolidated and company cash flow statements, consolidated and company statements of changes in equity for the six-month period ended 30 June 2025, and the notes to the interim financial statements. It is the responsibility of Jingkelong Company's management to prepare the interim financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises and to present them fairly. Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with China Standard on Review Engagements 2101 – Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review consists primarily of making inquiries of Jingkelong Company's personnel and applying analytical procedures to financial data, and provides less assurance than an audit. We did not perform an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial statements are not prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, or fail to present fairly the consolidated and company financial position of Jingkelong Company as at 30 June 2025, and its consolidated and company operating results and cash flows for the six-month period then ended.

BDO CHINA SHU LUN PAN
Certified Public Accountants LLP

*Chinese Certified Public Accountants: **Zhou Ciqi***
(Project Partner)

*Chinese Certified Public Accountants: **Li Enli***

Shanghai, China

August 22, 2025

CONSOLIDATED BALANCE SHEETS

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.6.30 (Unaudited)	2024.12.31 (Audited)
Current Assets:			
Cash and bank balances	V1	886,615,327.25	652,046,262.73
Notes receivable		—	—
Accounts receivable	V2	1,026,066,987.90	1,243,392,844.39
Prepayments	V3	757,300,839.97	849,706,800.22
Other receivables	V4	59,119,229.98	45,943,723.00
Inventories	V5	1,348,518,720.93	1,672,686,872.12
Non-current assets due within one year		—	—
Other current assets	V6	210,196,501.72	235,830,286.02
Total current assets		4,287,817,607.75	4,699,606,788.48
Non-current Assets:			
Long-term equity investment		—	—
Other equity instrument investments	V7	43,000,000.00	43,000,000.00
Other non-current financial assets	V8	44,530,391.78	51,320,856.13
Investment properties	V9	132,896,820.11	135,985,955.12
Fixed assets	V10	626,121,229.54	655,952,078.85
Construction in progress	V11	142,625,368.87	140,106,423.12
Right-of-use assets	V12	559,732,842.41	678,099,099.27
Intangible assets	V13	246,295,014.83	252,405,597.46
Goodwill	V14	78,951,734.04	78,951,734.04
Long-term prepaid expenses	V15	86,458,636.52	92,740,743.74
Deferred tax assets	V16	31,191,366.82	24,258,541.02
Other non-current assets	V17	128,793,800.16	125,173,495.36
Total non-current assets		2,120,597,205.08	2,277,994,524.11
TOTAL ASSETS		6,408,414,812.83	6,977,601,312.59



CONSOLIDATED BALANCE SHEETS

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.6.30 (Unaudited)	2024.12.31 (Audited)
Current Liabilities:			
Short-term borrowings	V19	2,645,639,091.44	2,971,227,478.02
Notes payable	V20	214,246,957.80	105,750,091.50
Accounts payable	V21	554,561,103.49	555,842,474.01
Advances from customers	V22	13,509,348.84	10,623,739.67
Contract liabilities	V23	424,011,504.45	544,849,442.19
Payroll payable	V24	1,484,898.06	1,434,835.30
Taxes payable	V25	32,585,751.01	26,762,642.45
Other payables	V26	284,393,977.49	312,058,500.47
Including: Interest payable	V26	—	—
Dividends payable	V26	7,965,855.90	71,028.00
Non-current liabilities due within one year	V27	229,026,932.76	220,038,438.24
Other current liabilities	V28	54,957,009.82	51,196,835.98
Total current liabilities		4,454,416,575.16	4,799,784,477.83
Non-current Liabilities:			
Bonds payable		—	—
Leases liabilities	V29	445,531,077.31	531,371,561.61
Estimated liabilities		—	—
Deferred income	V30	9,940,299.58	11,847,105.79
Deferred tax liabilities	V16	10,764,853.64	12,799,892.41
Other non-current liabilities		—	—
Total non-current liabilities		466,236,230.53	556,018,559.81
TOTAL LIABILITIES		4,920,652,805.69	5,355,803,037.64
Shareholders' equity:			
Share capital	V31	412,220,000.00	412,220,000.00
Capital reserves	V32	605,331,135.39	605,331,135.39
Other comprehensive income		—	—
Surplus reserves	V33	169,059,880.02	169,059,880.02
Undistributed profits	V34	30,033,803.19	139,088,761.53
Total equity attributable to shareholders of the parent company		1,216,644,818.60	1,325,699,776.94
Minority interests		271,117,188.54	296,098,498.01
TOTAL SHAREHOLDERS' EQUITY		1,487,762,007.14	1,621,798,274.95
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,408,414,812.83	6,977,601,312.59

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

BALANCE SHEETS OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

		Amount unit: RMB	
Item	Notes	2025.6.30 (Unaudited)	2024.12.31 (Audited)
Current Assets:			
Cash and bank balances		163,980,141.80	93,592,516.45
Notes receivable		—	—
Accounts receivable	XIV1	204,257,288.76	183,875,368.34
Prepayments		1,368,372.23	2,486,279.02
Other receivables	XIV2	682,394,850.70	677,967,987.62
Inventories		100,687,134.61	122,312,934.39
Other current assets		41,885,429.53	46,629,707.59
Total current assets		1,194,573,217.63	1,126,864,793.41
Non-current Assets:			
Long-term equity investment	XIV3	1,246,991,571.34	1,246,991,571.34
Investment properties		30,049,429.51	31,253,545.15
Fixed assets		439,255,593.66	458,733,601.48
Construction in progress		83,751,868.04	81,819,658.60
Right-of-use assets		394,441,798.14	447,499,467.66
Intangible assets		60,995,782.12	62,667,649.73
Goodwill		—	—
Long-term prepaid expenses		21,013,644.63	22,409,976.96
Deferred tax assets		22,410,091.43	12,877,400.16
Other non-current assets		95,462,205.25	92,337,003.01
Total non-current assets		2,394,371,984.12	2,456,589,874.09
TOTAL ASSETS		3,588,945,201.75	3,583,454,667.50



BALANCE SHEETS OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.6.30 (Unaudited)	2024.12.31 (Audited)
Current Liabilities:			
Short-term borrowings		874,767,173.06	874,840,367.53
Notes payable		—	—
Accounts payable		401,545,619.80	344,754,312.54
Advances from customers		9,011,848.31	6,903,609.45
Contract liabilities		306,825,741.72	331,299,273.20
Payroll payable		1,183,201.18	1,168,269.06
Taxes payable		4,834,373.38	866,594.30
Other payables		151,163,042.58	140,394,335.18
Including: Interest payable		—	—
Dividends payable		17,099.90	71,028.00
Non-current liabilities due within one year		152,450,735.13	115,408,963.70
Other current liabilities		42,860,446.40	47,482,529.63
Total current liabilities		1,944,642,181.56	1,863,118,254.59
Non-current Liabilities:			
Bonds payable		—	—
Leases liabilities		322,397,541.88	372,623,270.60
Deferred income		9,233,886.87	10,976,833.99
Deferred tax liabilities		1,405,884.89	1,539,189.71
Other non-current liabilities		—	—
Total non-current liabilities		333,037,313.64	385,139,294.30
TOTAL LIABILITIES		2,277,679,495.20	2,248,257,548.89
Shareholders' equity:			
Share capital		412,220,000.00	412,220,000.00
Capital reserves		615,293,520.99	615,293,520.99
Other comprehensive income		—	—
Surplus reserves		145,282,645.63	145,282,645.63
Undistributed profits		138,469,539.93	162,400,951.99
TOTAL SHAREHOLDERS' EQUITY		1,311,265,706.55	1,335,197,118.61
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,588,945,201.75	3,583,454,667.50

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

CONSOLIDATED INCOME STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
I. Total operating income		4,390,170,244.81	4,962,446,162.47
Including: Operating income	V35	4,390,170,244.81	4,962,446,162.47
II. Total operating costs		4,504,140,888.25	5,050,161,043.36
Including: Operating cost	V35	3,648,245,716.51	4,093,625,852.02
Tax and surcharges	V36	16,306,297.31	18,768,275.39
Selling expenses	V37	658,091,743.01	737,923,759.68
Administrative expenses	V38	128,350,254.60	141,970,371.01
Financial expenses	V39	53,146,876.82	57,872,785.26
Add: Other Income	V40	3,942,463.74	4,721,428.10
Investment income (Losses are presented with a "-" sign)	V41	3,442,411.29	4,300,000.00
Gains or losses on changes in fair value (Losses are presented with a "-" sign)	V42	-6,790,464.35	-3,663,580.24
Impairment losses on credits (Losses are presented with a "-" sign)	V43	-8,276,052.21	-3,144,129.15
Asset impairment loss (Losses are presented with a "-" sign)	V44	4,076,941.53	2,542,555.60
Gain from disposal of assets (Losses are presented with a "-" sign)			
III. Operating profit (Losses are presented with a "-" sign)		-117,575,343.44	-82,958,606.58
Add: Non-operating income	V45	1,550,798.24	2,003,469.02
Less: Non-operating expenses	V46	1,273,701.26	1,100,207.79
IV. Total profit (Losses are presented with a "-" sign)		-117,298,246.46	-82,055,345.35
Less: Income tax expense	V47	-1,943,297.15	3,681,290.91
V. Net profit (Net losses are presented with a "-" sign)		-115,354,949.31	-85,736,636.26
(I) Classified by business continuity		-	-
1. Net profit from continued operations (Net losses are presented with a "-" sign)		-115,354,949.31	-85,736,636.26
2. Net profit from discontinued operations (Net losses are presented with a "-" sign)		-	-
(II) Classified by ownership		-	-
1. Net profit attributable to the parent company (Net losses are presented with a "-" sign)		-109,054,958.34	-91,561,995.45
2. Profit or loss attributable to minority interests (Net losses are presented with a "-" sign)		-6,299,990.97	5,825,359.19



CONSOLIDATED INCOME STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (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) Re-measurement of changes in defined benefit plans		—	—
(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		-115,354,949.31	-85,736,636.26
(I) Total comprehensive income attributable to shareholders of the parent company		-109,054,958.34	-91,561,995.45
(II) Total comprehensive income attributable to minority interests		-6,299,990.97	5,825,359.19
VIII. Earnings per share	V48	—	—
(I) Basic earnings per share	V48	-0.26	-0.22
(II) Diluted earnings per share		N/A	N/A

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

INCOME STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
I. Total operating income	XIV/4	1,177,472,255.78	1,470,490,545.09
Less: operating cost	XIV/4	882,729,615.59	1,140,546,759.48
Tax and surcharges		9,834,451.02	10,649,228.36
Selling expenses		246,835,343.55	313,278,385.73
Administrative expenses		88,070,009.92	85,959,519.68
Financial expenses		7,727,836.51	5,741,065.46
Add: Other Income		3,296,717.62	3,525,973.89
Investment income (Losses are presented with a "-" sign)	XIV/5	20,076,676.79	19,962,950.00
Gains or losses on changes in fair value (Losses are presented with a "-" sign)		—	—
Impairment losses on credits (Losses are presented with a "-" sign)		-846,902.09	-241,917.27
Asset impairment loss (Losses are presented with a "-" sign)		1,429,084.08	1,980,559.96
Gain from disposal of assets (Losses are presented with a "-" sign)			
II. Operating profit (Losses are presented with a "-" sign)		-33,769,424.41	-60,456,847.04
Add: Non-operating income		600,090.95	1,170,797.38
Less: Non-operating expenses		428,074.69	262,902.15
III. Total profit (Losses are presented with a "-" sign)		-33,597,408.15	-59,548,951.81
Less: Income tax expense		-9,665,996.09	-14,002,584.44
IV. Net profit (Net losses are presented with a "-" sign)		-23,931,412.06	-45,546,367.37
1. Net profit from continued operations (Net losses are presented with a "-" sign)		-23,931,412.06	-45,546,367.37
2. Net profit from discontinued operations (Net losses are presented with a "-" sign)		—	—
V. Net value of other comprehensive income after tax		—	—
(I) Other comprehensive income which cannot be reclassified into profit or loss subsequently		—	—
1. Re-measurement of changes in defined benefit plans		—	—
2. Share in investees' other comprehensive income cannot be reclassified into profit or loss under equity method		—	—





INCOME STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

		Amount unit: RMB	
Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
(II) Other comprehensive income which can be reclassified into profit or loss subsequently		-	-
1. Other comprehensive income available for transfer to profit or loss under the equity method		-	-
2. Foreign currency financial statement translation difference		-	-
VI. Total comprehensive income		-23,931,412.06	-45,546,367.37

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
I. Cash flows from operating activities			
Cash received from selling goods and rendering services		4,807,982,966.80	5,391,693,089.50
Taxes and surcharges refunds received		17,226.54	102,447.34
Other cash received relating to operating activities	V49	87,628,903.72	237,870,420.04
Subtotal of cash inflows from operating activities		4,895,629,097.06	5,629,665,956.88
Cash paid for purchasing goods and receiving services		3,535,707,810.85	4,575,797,146.77
Cash payments to and on behalf of employees		327,320,155.41	323,814,484.39
Taxes and surcharges paid		78,093,818.36	122,962,450.86
Other cash paid related to operating activities	V49	222,114,184.24	148,994,045.58
Subtotal of cash outflows from operating activities		4,163,235,968.86	5,171,568,127.60
Net cash flow from operating activities		732,393,128.20	458,097,829.28
II. Cash flows from investing activities			
Cash received from short-term investment income		—	—
Cash received from investment income		3,979,971.29	4,300,000.00
Net cash received from disposal of fixed assets, and other long-term assets		1,340,787.17	610,927.10
Net cash received from disposal of subsidiaries and other business units		—	—
Other cash received relating to investing activities	V49	—	—
Subtotal of cash inflows from investing activities		5,320,758.46	4,910,927.10
Cash paid for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		15,334,189.35	33,341,045.40
Net cash paid for investment in subsidiaries and other business units and other business units		—	—
Other cash paid relating to investing activities	V49	—	—
Subtotal of cash outflows from investing activities		15,334,189.35	33,341,045.40
Net cash flow from investing activities		-10,013,430.89	-28,430,118.30



CONSOLIDATED CASH FLOW STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
III. Cash flows from financing activities			
Cash received from investments		—	—
Including: Cash received from capital contribution from minority shareholders of subsidiaries		—	—
Cash received from borrowings		1,251,693,677.32	1,921,058,889.58
Cash received from other financing activities	V49	200,000.00	—
Subtotal of cash inflows from financing activities		1,251,893,677.32	1,921,058,889.58
Cash paid for repayments of liabilities		1,597,627,944.98	2,433,098,709.13
Cash paid for dividends, profits or interest payments		80,186,238.76	47,950,859.89
Including: Dividends and profits paid by subsidiaries to minority shareholders		18,681,318.50	21,633,430.95
Cash paid for other financing activities	V49	61,958,312.89	124,954,179.08
Subtotal of cash outflows from financing activities		1,739,772,496.63	2,606,003,748.10
Net cash flow from financing activities		-487,878,819.31	-684,944,858.52
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		-290,161.93	-409,365.32
V. Net increase in cash and cash equivalents		234,210,716.07	-255,686,512.86
Add: Balance of cash and cash equivalents at the beginning of the period		630,131,378.52	839,268,396.13
VI. Balance of cash and cash equivalents at the end of the period		864,342,094.59	583,581,883.27

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

CASH FLOW STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
I. Cash flows from operating activities			
Cash received from selling goods and rendering services		1,265,376,761.21	1,571,136,214.17
Taxes and surcharges refunds received		—	—
Other cash received relating to operating activities		18,615,633.76	78,482,627.18
Subtotal of cash inflows from operating activities		1,283,992,394.97	1,649,618,841.35
Cash paid for purchasing goods and receiving services		992,223,287.77	1,318,538,902.83
Cash payments to and on behalf of employees		173,513,231.16	175,343,608.36
Taxes and surcharges paid		26,588,999.42	24,819,282.27
Other cash paid related to operating activities		15,230,592.15	75,073,819.06
Subtotal of cash outflows from operating activities		1,207,556,110.50	1,593,775,612.52
Net cash flow from operating activities		76,436,284.47	55,843,228.83
II. Cash flows from investing activities			
Cash received from investment		—	—
Cash received from investment income		31,505,839.34	32,904,283.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		714,014.45	413,652.31
Other cash received relating to investing activities		300,000,000.00	400,000,000.00
Subtotal of cash inflows from investing activities		332,219,853.79	433,317,935.63
Cash paid for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		11,690,864.15	22,711,445.89
Cash paid for investment		—	—
Other cash paid relating to investing activities		300,000,000.00	301,876,262.50
Subtotal of cash outflows from investing activities		311,690,864.15	324,587,708.39
Net cash flow from investing activities		20,528,989.64	108,730,227.24



CASH FLOW STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2025.1.1- 2025.6.30 (Unaudited)	2024.1.1- 2024.6.30 (Unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		200,000,000.00	400,000,000.00
Cash received from other financing activities		—	—
Subtotal of cash inflows from financing activities		200,000,000.00	400,000,000.00
Cash paid for repayments of liabilities		200,000,000.00	650,000,000.00
Cash paid for dividends, profits or interest payments		10,787,033.07	13,504,693.40
Cash paid for other financing activities		15,790,731.39	19,953,443.27
Subtotal of cash outflows from financing activities		226,577,764.46	683,458,136.67
Net cash flow from financing activities		-26,577,764.46	-283,458,136.67
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		69.39	286.42
V. Net increase in cash and cash equivalents		70,387,579.04	-118,884,394.18
Add: Balance of cash and cash equivalents at the beginning of the period		93,492,391.13	226,012,703.80
VI. Balance of cash and cash equivalents at the end of the period		163,879,970.17	107,128,309.62

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Six months ended at 30 June 2025 (unaudited)						Total shareholders' equity
	Equity attributable to shareholders of the parent company						
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Minority interests	
I. Balance at the end of the prior period	412,220,000.00	605,331,135.39	-	169,059,880.02	139,088,761.53	296,098,498.01	1,621,798,274.95
Add: Changes in accounting policies	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000.00	605,331,135.39	-	169,059,880.02	139,088,761.53	296,098,498.01	1,621,798,274.95
III. Increase or decrease amount in the period (Decreases are presented with a "-" sign)	-	-	-	-	-109,054,958.34	-24,981,309.47	-134,036,267.81
(i) Total comprehensive income	-	-	-	-	-109,054,958.34	-6,299,990.97	-115,354,949.31
(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	-	-	-	-	-	-18,681,318.50	-18,681,318.50
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-18,681,318.50	-18,681,318.50
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 period	412,220,000.00	605,331,135.39	-	169,059,880.02	30,033,803.19	271,117,188.54	1,487,762,007.14

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Six months ended at 30 June 2024 (unaudited)							
Item	Equity attributable to shareholders of the parent company						Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Minority interests	
I. Balance at the end of the prior period	412,220,000.00	605,177,454.63	-	169,059,880.02	299,762,294.02	346,648,112.83	1,832,867,741.50
Add: Changes in accounting policies	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000.00	605,177,454.63	-	169,059,880.02	299,762,294.02	346,648,112.83	1,832,867,741.50
III. Increase or decrease amount in the period (Decreases are presented with a "-" sign)	-	-	-	-	-91,561,995.45	-53,749,854.76	-145,311,850.21
(I) Total comprehensive income	-	-	-	-	-91,561,995.45	5,825,359.19	-85,736,636.26
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-26,250,000.00	-26,250,000.00
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-26,250,000.00	-26,250,000.00
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	-	-33,325,213.95	-33,325,213.95
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-33,325,213.95	-33,325,213.95
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 period	412,220,000.00	605,177,454.63	-	169,059,880.02	208,200,298.57	292,898,258.07	1,687,555,891.29

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

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 2025 (unaudited)					
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance at the end of the prior period	412,220,000.00	615,293,520.99	-	145,282,645.63	162,400,951.99	1,335,197,118.61
Add: Changes in accounting policies	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000.00	615,293,520.99	-	145,282,645.63	162,400,951.99	1,335,197,118.61
III. Increase or decrease amount in the period (Decreases are presented with a "-" sign)	-	-	-	-	-23,931,412.06	-23,931,412.06
(I) Total comprehensive income	-	-	-	-	-23,931,412.06	-23,931,412.06
(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	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-
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 period	412,220,000.00	615,293,520.99	-	145,282,645.63	138,469,539.93	1,311,265,706.55

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu



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 2024 (unaudited)						Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits		
I. Balance at the end of the prior period	412,220,000.00	615,293,520.99	-	145,282,645.63	263,789,319.06		1,436,585,485.68
Add: Changes in accounting policies	-	-	-	-	-		-
Correction of prior errors	-	-	-	-	-		-
Others	-	-	-	-	-		-
II. Balance at the beginning of the period	412,220,000.00	615,293,520.99	-	145,282,645.63	263,789,319.06		1,436,585,485.68
III. Increase or decrease amount in the period (Decreases are presented with a "-" sign)	-	-	-	-	-45,546,367.37		-45,546,367.37
(I) Total comprehensive income	-	-	-	-	-45,546,367.37		-45,546,367.37
(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	-	-	-	-	-		-
1. Appropriation to surplus reserves	-	-	-	-	-		-
2. Appropriation to general risk reserve	-	-	-	-	-		-
3. Distribution to shareholders	-	-	-	-	-		-
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 period	412,220,000.00	615,293,520.99	-	145,282,645.63	218,242,951.69		1,391,039,118.31

The notes as set out from pages 37 to 140 form an integral part of the financial statements

The financial statements as set out from pages 21 to 36 have been signed by:

Legal Representative: Zhang Liwei Chief Financial Officer: Yang Wensheng Chief Accountant: Zhang Yu

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

1. BASIC INFORMATION OF THE COMPANY

Beijing Jingkelong Company Limited (hereinafter referred to as “firm” or “Company”). It is a limited liability company registered in the People’s Republic of China (“China”), which was established on November 1, 2004 by Beijing Jingkelong Supermarket Chain Group Co., Ltd. (formerly known as “Beijing Jingkelong Supermarket Chain Co., Ltd.”) with the approval of the Beijing Municipal Administration for Industry and Commerce. The registered capital is RMB412,220,000. The unified social credit code of the enterprise is 91110000101782670P. The Group is headquartered at 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 business of consumer goods.

On 25 September 2006, H shares of RMB ordinary shares issued by the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. On February 26, 2008, all the H shares of the Company’s overseas listed foreign shares were converted from GEM to Main Board. As of December 31, 2023, the Company has issued a total of 412.22 million shares.

The controlling shareholder of the Group is Beijing Chaofu State-owned Assets Management Co., Ltd. (“Chaofu Company”), formerly known as “Beijing Chaoyang Non-staple Food Corporation”, established in the PRC, which was renamed as “Beijing Chaofu State-owned Assets Management Co., Ltd.” on 3 July 2020.

These financial statements have been approved by the Board of Directors of the Company on August 22, 2025.

2. THE BASIS ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED

(1) Preparation basis

These financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards, application guidance, interpretations and other relevant regulations (collectively referred to as the “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance of the People’s Republic of China. In addition, these financial statements comply with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Going concern

These financial statements have evaluated the ability to continue as a going concern for the 12 months commencing at the end of the reporting period and have identified no significant doubts or circumstances for the ability to continue as a going concern. Accordingly, these financial statements have been prepared on the basis of a going concern assumption.

(3) Bookkeeping Basis and Valuation Principles

According to the relevant provisions of the Accounting Standards for Business Enterprises, the accounting of these financial statements is based on the accrual basis. With the exception of certain financial instruments, these financial statements are measured on a historical cost basis. If the asset is impaired, the corresponding impairment provision shall be made in accordance with the relevant regulations.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) A statement of compliance with the Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and parent company's financial position as of June 30, 2025 as well as the consolidated and parent company's operating results and cash flow in 2025.

(2) Accounting period

The fiscal year begins on January 1 and ends on December 31 of the Gregorian calendar.

(3) Business cycle

The company's business cycle is 12 months.

(4) The base currency of accounting

The Company adopts RMB as the base currency of accounting.

(5) Accounting for business combinations under common control and not under common control

Business combination under the same control: The assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the acquisition of the merged party by the ultimate controller) are measured on the basis of the carrying amount of the assets and liabilities of the merged party in the consolidated financial statements of the ultimate controller on the date of the merger. The difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total par value of the issued shares) shall be adjusted to the equity premium in the capital reserve, and the retained earnings shall be adjusted if the equity premium in the capital reserve is insufficient to offset it.

Business combination not under common control: The cost of the merger is the fair value of the assets, liabilities incurred or assumed by the purchaser to acquire control of the acquiree and the equity securities issued. The difference between the cost of the merger and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be recognized as goodwill; The difference between the cost of the merger and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be included in the profit or loss for the current period. The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the merger that meet the conditions for recognition are measured at fair value at the date of acquisition.

Expenses directly related to the business combination are recognized in profit or loss for the current period when incurred; Transaction costs for the issuance of equity securities or debt securities for a business combination are included in the initial recognition amount of equity securities or debt securities.

(6) Criteria for judging controls and methods for preparing consolidated financial statements

① Criteria for judging control

The scope of consolidation of the consolidated financial statements is determined on a control basis, and the scope of consolidation includes the Company and all of its subsidiaries. Control means that the company has power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use its power over the investee to influence the amount of its returns.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② **Merge Procedures**

The Company regards the entire enterprise group as an accounting entity, and prepares consolidated financial statements in accordance with a unified accounting policy to reflect the overall financial position, operating results and cash flow of the enterprise group. The impact of internal transactions between the Company and its subsidiaries and subsidiaries is offset. If the internal transaction indicates that the relevant asset has incurred an impairment loss, the loss shall be recognized in full. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

The share of minority shareholders in the subsidiary's owner's equity, net profit or loss for the period and comprehensive income for the period is presented separately under the item of owner's equity, the item of net profit and the item of total comprehensive income in the consolidated balance sheet, respectively. The balance formed by the current loss shared by the minority shareholders of the subsidiary exceeds the minority shareholders' share in the opening ownership equity of the subsidiary, which is offset by the minority shareholders' equity.

1. *Increase subsidiaries or businesses*

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statements, and the opening number of the consolidated financial statements and the relevant items in the comparative statements shall be adjusted at the same time, and the consolidated reporting entity shall be deemed to have existed since the time when the ultimate controller began to control.

If the investee under the same control can be controlled due to additional investment or other reasons, the equity investment held before the acquisition of control of the merged party shall be recognized between the date of acquisition of the original equity and the date of the merger and the date of the merger, and the date of the merger, and the date of the merger, and the changes in other net assets shall be deducted from the opening retained earnings or current profit or loss during the comparative statement period, respectively.

During the reporting period, the addition of subsidiaries or businesses due to a business combination not under the same control shall be included in the consolidated financial statements on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

If the investee is not under the same control due to additional investment or other reasons, the equity of the acquiree held before the acquisition date shall be remeasured according to the fair value of the equity on the acquisition date, and the difference between the fair value and the carrying amount shall be included in the current investment income. Other comprehensive income involved in the equity of the acquiree held before the acquisition date that can be reclassified into profit or loss later, and other changes in owner's equity under the equity method accounting are converted into investment income for the current period to which the acquisition date belongs.

2. *Disposal of subsidiaries*

a. General treatment methods

If the investee loses control over the investee due to the disposal of part of the equity investment or other reasons, the remaining equity investment after the disposal shall be remeasured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity interest, less the difference between the share of the share of the net assets of the original subsidiary and the sum of the goodwill calculated according to the original shareholding ratio from the date of acquisition or the date of consolidation, shall be included in the investment income for the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into profit or loss in the future, and other changes in owners' equity under the equity method accounting shall be converted into current investment income when the control is lost.

b. Dispose of subsidiaries in a step-by-step manner

If the equity investment in a subsidiary is disposed of in a step-by-step manner through multiple transactions until it loses control, the terms, conditions and economic impact of each transaction for the disposal of the equity investment in the subsidiary meet one or more of the following circumstances, which usually indicates that the multiple transactions are a package transaction:

- i. the transactions were entered into at the same time or with regard to each other's influences;
- ii. the transactions as a whole in order to achieve a complete business result;
- iii. the occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. A transaction is uneconomical on its own, but it is economical when considered in conjunction with other transactions.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

If the transactions are a package transaction, the transactions shall be accounted for as a transaction in which the subsidiary is disposed of and the control is lost; The difference between the disposal price before the loss of control and the share of the subsidiary's net assets corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profit or loss for the period of loss of control when the control is lost.

If the transactions are not part of a package transaction, the equity investment in the subsidiary shall be accounted for as a partial disposal without loss of control before the loss of control; In the event of loss of control, accounting shall be carried out in accordance with the general treatment method of disposing of a subsidiary.

3. *Purchase of minority stake in subsidiary*

The difference between the newly acquired long-term equity investment due to the purchase of minority interests and the share of net assets of the subsidiary that should be continuously calculated from the date of acquisition or the date of consolidation based on the proportion of new shareholdings shall be adjusted to the equity premium in the capital reserve in the consolidated balance sheet, and the retained earnings shall be adjusted if the equity premium in the capital reserve is insufficient to offset the difference.

4. *Partial disposal of equity investment in subsidiaries without loss of control*

The difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of long-term equity investment that has been continuously calculated since the date of acquisition or the date of consolidation shall be adjusted to the equity premium in the capital reserve in the consolidated balance sheet, and the retained earnings shall be adjusted if the equity premium in the capital reserve is insufficient to offset it.

(7) **Classification of joint venture arrangements and accounting treatment of joint operations**

Joint venture arrangements are divided into joint ventures and joint ventures.

Joint operation refers to a joint venture arrangement in which the joint venture party owns the relevant assets of the arrangement and assumes the liabilities related to the arrangement.

The Company recognizes the following items related to the share of interest in joint operations:

- ① Recognition of assets held solely by the Company and recognition of assets jointly held by the Company on a share-by-Company basis;
- ② Recognition of liabilities borne solely by the Company and joint liabilities borne by the Company on a share basis;
- ③ recognition of income from the sale of the Company's share of the common operating output;





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

- ④ Recognition of income from the sale of output from joint operations on a share-by-company basis;
- ⑤ Recognition of expenses incurred separately and expenses incurred in joint operations on a share-by-company basis.

The Company's investment in the joint venture is accounted for by the equity method, as detailed in "3 (13) Long-term Equity Investment" in this note.

(8) Criteria for determining cash and cash equivalents

Cash refers to the company's cash on hand and deposits that can be used for payment at any time. Cash equivalents are investments held by the Company that have a short maturity, are highly liquid, are easily convertible into cash in a known amount, and have little risk of changes in value.

(9) Foreign Currency Operations and Foreign Currency Report Translations

① *Foreign currency operations*

For foreign currency business, the spot exchange rate on the date of the transaction is used as the conversion rate to convert the foreign currency amount into RMB for accounting.

The balance of monetary items in foreign currencies at the balance sheet date is translated at the spot exchange rate at the balance sheet date, and the resulting exchange differences are included in profit or loss for the current period, except for the exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs.

② *Translation of financial statements in foreign currencies*

The assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; Except for the "undistributed profits" item, the other items of owner's equity are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction.

When disposing of an overseas operation, the difference in translation of the foreign currency financial statements related to the overseas operation shall be transferred from the owner's equity item to the profit or loss for the current period of disposal.

(10) Financial instruments

When the Company becomes a party to a contract for a financial instrument, it recognizes a financial asset, financial liability or equity instrument.

① *Classification of financial instruments*

According to the Company's business model of managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

The Company classifies financial assets that meet both the following conditions and are not designated as measured at fair value through profit or loss as financial assets measured at amortized cost:

- The business model is aimed at collecting contractual cash flows;
- Contract cash flows are only payments of principal and interest on the basis of the outstanding principal amount.

The Company classifies financial assets (debt instruments) that meet both the following conditions and are not designated as measured at fair value through profit or loss through profit or loss:

- The business model is aimed at both the receipt of contractual cash flows and the sale of the financial asset;
- Contract cash flows are only payments of principal and interest on the basis of the outstanding principal amount.

For investments in non-trading equity instruments, the Company may irrevocably designate them as financial assets (equity instruments) measured at fair value through other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and measured at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company may irrevocably designate financial assets that should have been classified at amortized cost or measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Financial liabilities are classified at fair value through profit or loss and financial liabilities at amortized cost at initial recognition.

A financial liability that meets one of the following conditions may be designated as a financial liability at fair value through profit or loss at the time of initial measurement:

1. The designation eliminates or significantly reduces accounting mismatches.
2. Conduct management and performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio on the basis of fair value in accordance with the enterprise risk management or investment strategy set out in the formal written document, and report to key management personnel on this basis within the enterprise.
3. The financial liability contains embedded derivatives that need to be separately separated.

In accordance with the above conditions, such financial liabilities designated by the Company mainly include: (specifically describe the specified circumstances)





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② **The basis for recognition and measurement of financial instruments**

1. *Financial assets measured at amortized cost*

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., which are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount; Accounts receivable that do not include a material financing component and accounts receivable that the Company decides not to consider a financing component of no more than one year will be initially measured at the contract transaction price.

During the holding period, the interest calculated using the effective interest rate method is included in the profit or loss for the current period.

When recovered or disposed of, the difference between the price obtained and the carrying amount of the financial asset is included in profit or loss for the current period.

2. *Financial assets (debt instruments) measured at fair value through other comprehensive income*

Financial assets (debt instruments) measured at fair value through other comprehensive income, including receivables financing and other debt investments, are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income, except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method.

When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in the profit or loss for the current period.

3. *Financial assets (equity instruments) measured at fair value through other comprehensive income*

Financial assets (equity instruments) measured at fair value through other comprehensive income, including investments in other equity instruments, are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount. The financial asset is subsequently measured at fair value, and the change in fair value is included in other comprehensive income. Dividends received are included in profit or loss for the current period.

When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

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4. *Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss, including trading financial assets, derivative financial assets, other non-current financial assets, etc., are initially measured at fair value, and the relevant transaction costs are included in profit or loss for the current period. The financial asset is subsequently measured at fair value, and the change in fair value is included in profit or loss for the current period.

5. *Financial liabilities at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss, including trading financial liabilities and derivative financial liabilities, are initially measured at fair value, and the relevant transaction costs are included in profit or loss for the current period. The financial liability is subsequently measured at fair value, and the change in fair value is included in profit or loss for the current period.

When derecognized, the difference between its carrying amount and the consideration paid is recognized in profit or loss for the current period.

6. *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount.

During the holding period, the interest calculated using the effective interest rate method is included in the profit or loss for the current period.

When the recognition is derecognized, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss for the current period.

③ ***Recognition basis and measurement method for derecognition of financial assets and transfer of financial assets***

When one of the following conditions is met, the Company will terminate the recognition of financial assets:

- termination of contractual rights to receive cash flows from financial assets;
- The financial asset has been transferred, and substantially all of the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- The financial assets have been transferred, and although the Company has neither transferred nor retained substantially all of the risks and rewards in the ownership of the financial assets, it has not retained control of the financial assets.

If the Company and the counterparty modify or renegotiate the contract and it constitutes a substantial amendment, the original financial asset shall be terminated and a new financial asset shall be recognized in accordance with the amended terms.

In the event of a transfer of financial assets, if almost all of the risks and rewards in the ownership of the financial assets are retained, the recognition of the financial assets shall not be terminated.





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In determining whether the transfer of financial assets satisfies the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted.

The Company distinguishes the transfer of financial assets into the transfer of financial assets as a whole and the transfer of financial assets. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the profit or loss for the current period:

1. the carrying amount of the financial assets transferred;
2. The sum of the consideration received as a result of the transfer and the cumulative amount of changes in fair value that were originally directly included in the owner's equity (in the case of financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and the changes thereof are included in other comprehensive income).

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets as a whole shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the following two amounts shall be included in the profit or loss for the current period:

1. the carrying amount of the derecognized portion;
2. The sum of the consideration for the derecognition portion and the amount corresponding to the derecognition portion of the accumulated fair value changes originally directly included in the owner's equity (in the case that the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and the changes thereof are included in other comprehensive income).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

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④ ***Derecognition of financial liabilities***

If the current obligation of a financial liability has been discharged in whole or in part, the financial liability or part thereof shall be derecognized; If the Company enters into an agreement with creditors to replace existing financial liabilities by assuming new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of existing financial liabilities, the recognition of existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time.

If all or part of the contract terms of the existing financial liabilities are substantially modified, the existing financial liabilities or part of them shall be derecognized, and the financial liabilities after the amended terms shall be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including the non-cash assets transferred or the new financial liabilities assumed) is recognized in profit or loss for the current period.

If the Company buys back part of the financial liabilities, the carrying amount of the entire financial liabilities will be allocated according to the relative fair value of the recognizable part and the derecognized part on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

⑤ ***A method for determining the fair value of financial assets and financial liabilities***

A financial instrument with an active market whose fair value is determined by quotes quoted in an active market. Financial instruments for which there is no active market are used to determine their fair value using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transaction of the underlying assets or liabilities, and preferentially uses relevant observable inputs. Unobservable inputs are used only if the relevant observable input is not available or practicable to obtain.

⑥ ***Testing and accounting for impairment of financial instruments***

The Company carries out impairment accounting treatment on the basis of expected credit losses for financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income, and financial guarantee contracts.

The Company recognizes expected credit losses by calculating the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, weighting the risk of default, taking into account reasonable and evidence-based information such as past events, current conditions, and forecasts of future economic conditions.





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For the receivables and contract assets formed by transactions regulated by Accounting Standard for Business Enterprises No. 14 – Revenue, regardless of whether they contain significant financing components, the Company has always measured its loss provision at an amount equivalent to the expected credit loss over the entire duration.

For lease receivables arising from transactions regulated by Accounting Standard for Business Enterprises No. 21 – Leases, the Company chooses to always measure its loss provision at an amount equivalent to the expected credit loss over the entire duration.

Note: For lease receivables formed by transactions regulated by Accounting Standard for Business Enterprises No. 21 – Leases and receivables and contract assets with significant financing components formed by transactions regulated by Accounting Standard for Business Enterprises No. 14 – Revenue (except for those that do not consider the financing components in contracts for no more than one year according to Accounting Standard for Business Enterprises No. 14 – Revenue), enterprises can also choose to adopt the impairment method of general financial assets. That is, the loss allowance is measured according to whether the credit risk has increased significantly since the initial recognition, and is equivalent to the expected credit loss in the next 12 months (Phase 1) or the expected credit loss for the entire duration (Phase 2 and Phase 3), respectively.

For other financial instruments, the Company assesses the change in the credit risk of the relevant financial instrument since initial recognition at each balance sheet date.

The Company determines the relative change in the risk of default during the expected duration of a financial instrument by comparing the risk of default on the balance sheet date with the risk of default occurring on the initial recognition date to assess whether the credit risk of a financial instrument has increased significantly since its initial recognition. Normally, the Company considers that the credit risk of the Financial Instrument has increased significantly if it is overdue for more than 30 days, unless there is conclusive evidence that the credit risk of the Financial Instrument has not increased significantly since the initial recognition.

If the credit risk of a Financial Instrument is low at the balance sheet date, the Company does not believe that the credit risk of such Financial Instrument has increased significantly since its initial recognition.

If the credit risk of the Financial Instrument has increased significantly since the initial recognition, the Company measures its loss allowance at an amount equivalent to the expected credit loss over the entire duration of the Financial Instrument; If the credit risk of the Financial Instrument has not increased significantly since the initial recognition, the Company measures its loss allowance at an amount equivalent to the expected credit loss of the Financial Instrument over the next 12 months. The amount of the increase or reversal of the resulting loss provision is recognized in the current profit or loss as an impairment loss or gain. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in the current profit or loss, without reducing the carrying amount of the financial asset shown in the balance sheet.

If there is objective evidence that a receivable has been credit-impaired, the Company will make an impairment provision for the receivable on a single basis.

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Except for the above-mentioned receivables for which provision for bad debts is made separately, the Company divides the remaining financial instruments into several portfolios based on credit risk characteristics, and determines the expected credit loss on the basis of the portfolio. The Company's portfolio categories and basis for determining expected credit losses on notes receivable, accounts receivable, receivables financing, other receivables, contract assets, long-term receivables, etc., are as follows:

Item	Combination Categories	Determine the basis
Accounts receivable	Aging portfolio	The portfolio uses the age of receivables as a credit risk characteristic.
Other receivables	Aging portfolio	The portfolio uses the age of receivables as a credit risk characteristic.

If the Company no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part, it shall directly write down the book balance of the financial asset.

(11) Stocks

① *Classification and cost of inventory*

Inventory is classified as: materials in transit, raw materials, turnover materials, inventory goods, products in process, goods issued, commissioned processing materials, etc.

Inventory is initially measured at cost, which includes the cost of procurement, processing and other expenses incurred to bring the inventory to its current premises and condition.

② *The valuation method for the issued inventory*

Inventory is valued on a first-in, first-out basis when it is shipped.

③ *Inventory system*

Perpetual inventory system is adopted.

④ *Amortization method for low-value consumables and packaging*

1. Low-value consumables adopt the one-time resale method;
2. The packaging adopts the one-time resale method.





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⑤ **Recognition criteria and accrual methods for inventory depreciation provisions**

At the balance sheet date, inventories should be measured at the lower of cost and net realizable value. When the cost of inventory is higher than its net realizable value, provision should be made for inventory decline. Net realizable value is the estimated selling price of inventory in the ordinary course of business, less the estimated costs to be incurred at completion, estimated selling expenses, and related taxes.

In the normal course of production and operation, the net realizable value of the inventory of goods directly used for sale, such as finished products, inventory commodities and materials used for sale, shall be determined by the estimated selling price of the inventory minus the estimated sales expenses and relevant taxes and fees; In the normal course of production and operation, the net realizable value of the inventory of materials that need to be processed shall be determined by the estimated selling price of the finished products produced minus the estimated costs to be incurred at the time of completion, the estimated sales expenses and relevant taxes and fees; The net realizable value of the inventory held for the execution of the sales contract or service contract shall be calculated on the basis of the contract price, and if the quantity of the inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

After the provision for inventory decline is made, if the influencing factors of the previous write-down of the inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying amount, it shall be reversed within the amount of the original provision for inventory decline and the amount reversed shall be included in the profit or loss for the current period.

(12) **Contract Assets**

① **Methods and standards for the recognition of contract assets**

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and the customer's payment. The right of the Company to receive consideration for the transfer of goods or services to the Client (and such right depends on factors other than the passage of time) is listed as a contract asset. Contract assets and contract liabilities under the same contract are shown in net. The Company's right, unconditionally (subject only to the passage of time) to receive consideration from the Client, is presented separately as a receivable.

② **Methods for determining the expected credit losses of contract assets and accounting treatments**

For details of the method of determining and accounting treatment of expected credit losses of contract assets, please refer to " (10) 6. Test Methods and Accounting Treatment of Impairment of Financial Instruments" in this note.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

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(13) Long-term equity investment

① **Criteria for judging joint control and significant impact**

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants who share the control before decision-making. If the Company and other joint venture parties exercise joint control over the investee and have rights to the net assets of the investee, the investee shall be a joint venture of the Company.

Significant influence refers to the power to participate in the financial and operational decisions of the investee, but is not able to control or jointly control the formulation of these policies with other parties. If the Company is able to exert significant influence on the investee, the investee shall be an associate of the Company.

② **Determination of the initial investment cost**

1. *Long-term equity investment formed by business combination*

For the long-term equity investment in the subsidiary formed by the business combination under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller on the date of consolidation. the difference between the initial investment cost of the long-term equity investment and the book value of the consideration paid, adjusting the equity premium in the capital reserve; When the equity premium in the capital reserve is insufficient to offset the offset, the retained earnings will be adjusted. If the investee under the same control can be controlled due to additional investment or other reasons, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amount of the long-term equity investment before the merger plus the book value of the consideration for the further acquisition of shares on the date of merger shall be adjusted, and if the equity premium is insufficient to offset the retained earnings, the retained earnings shall be reduced.

For a long-term equity investment in a subsidiary formed by a business combination not under the same control, the initial investment cost of the long-term equity investment shall be determined according to the merger cost determined on the date of purchase. If the investee is not under the same control due to additional investment or other reasons, the initial investment cost shall be the sum of the book value of the equity investment originally held plus the new investment cost.

2. *Long-term equity investments obtained through means other than business combinations*

For long-term equity investments made in cash, the initial investment cost is based on the purchase price actually paid.

For long-term equity investment obtained through the issuance of equity securities, the fair value of the equity securities issued shall be used as the initial investment cost.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

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③ **Subsequent measurement and profit and loss recognition method**

1. *Long-term equity investment accounted for by cost method*

The company's long-term equity investment in a subsidiary is accounted for using the cost method, unless the investment meets the conditions for holding for sale. In addition to the cash dividends or profits that have been declared but not yet paid in the price or consideration actually paid at the time of obtaining the investment, the company recognizes the current investment income according to the cash dividends or profits declared and distributed by the investee.

2. *Long-term equity investments accounted for by the equity method*

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The initial investment cost is greater than the difference between the fair value share of the investee's identifiable net assets at the time of investment, and the initial investment cost of long-term equity investment is not adjusted; The difference between the initial investment cost and the fair value share of the investee's identifiable net assets at the time of investment shall be included in the profit or loss for the current period, and the cost of long-term equity investment shall be adjusted.

The Company recognizes investment income and other comprehensive income separately according to the share of the net profit or loss and other comprehensive income realized by the investee that should be enjoyed or shared, and adjusts the book value of long-term equity investment; The carrying amount of the long-term equity investment shall be reduced accordingly based on the profits or cash dividends declared by the investee; For other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "other changes in owners' equity"), the carrying amount of the long-term equity investment shall be adjusted and included in the owner's equity.

When recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the net profit and other comprehensive income of the investee shall be recognized on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment, and adjusted in accordance with the company's accounting policies and accounting periods.

The unrealized gains and losses from internal transactions between the company and its associates and joint ventures shall be calculated and offset in accordance with the proportion to which it is entitled, and the investment income shall be recognized on this basis, except for the assets invested or sold that constitute business. If the unrealized internal transaction loss with the investee is an asset impairment loss, it shall be recognized in full.

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In addition to the obligation to bear additional losses, the net loss incurred by the company in respect of the joint venture or associated enterprise shall be written down to zero at the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associate. If the joint venture or associated enterprise realizes net profit in the future, the company shall resume the recognition of the revenue sharing amount after the revenue sharing amount makes up for the unrecognized loss sharing amount.

3. *Disposal of long-term equity investment*

The difference between the carrying amount of the disposal of long-term equity investment and the actual acquisition price shall be included in the profit or loss for the current period.

If part of the long-term equity investment accounted for by the equity method is disposed of, and the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the investee's direct disposal of the relevant assets or liabilities in the corresponding proportion, and the changes in other owners' equity shall be carried forward to the profit or loss for the current period in proportion.

If the investee loses common control or significant influence due to the disposal of the equity investment, the other comprehensive income recognized by the original equity investment due to the adoption of the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities when the equity method of accounting is terminated, and all changes in other owners' equity shall be transferred to the current profit or loss when the equity method of accounting is terminated.

If the investee loses control over the investee due to the disposal of part of the equity investment or other reasons, if the remaining equity can exercise joint control or significant influence on the investee when preparing individual financial statements, it shall be accounted for according to the equity method instead, and the remaining equity shall be adjusted as if it had been accounted for by the equity method since it was acquired, and other comprehensive income recognized before the acquisition of control of the investee shall be carried forward on a proportional basis on the same basis as the investee's direct disposal of the relevant assets or liabilities. Other changes in owners' equity recognized by the equity method are carried forward to profit or loss for the current period on a pro rata basis; If the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset, and the difference between its fair value and book value on the date of loss of control shall be included in the profit or loss for the current period, and all other comprehensive income and other changes in owners' equity recognized before the acquisition of control of the investee shall be carried forward.





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If the equity investment in the subsidiary is disposed of step by step through multiple transactions until the loss of control is a package transaction, each transaction shall be accounted for as a transaction in which the equity investment of the subsidiary is disposed of and the control is lost; The difference between the disposal price of each disposal before the loss of control and the carrying amount of the long-term equity investment corresponding to the equity disposed of shall be recognized as other comprehensive income in individual financial statements, and then transferred to the profit or loss for the current period when the control is lost. If it is not a package transaction, each transaction shall be accounted for separately.

(14) Investment real estate

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and ready to be transferred after appreciation, and buildings that have been leased out (including buildings that are self-constructed or used for rent after the completion of development activities, and buildings that are under construction or in the process of being developed for rent in the future).

Subsequent expenses related to investment real estate are included in the cost of investment real estate when the relevant economic benefits are likely to flow in and their costs can be reliably measured; Otherwise, it will be recognized in profit or loss for the current period when incurred.

The Company adopts a cost model for the measurement of existing investment properties. The same depreciation policy as the Company's fixed assets is applied to investment real estate-rental buildings measured according to the cost model, and the same amortization policy as intangible assets is applied to leased land use rights.

(15) Fixed asset

① *Recognition and initial measurement of fixed assets*

Fixed assets refer to tangible assets that are held for the production of goods, the provision of services, leasing or business management, and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

1. The economic benefits related to the fixed assets are likely to flow into the enterprise;
2. The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the impact of the expected disposal expense factor).

Subsequent expenses related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow in and their costs can be reliably measured; de-recognition of the carrying amount of the part to be replaced; All other subsequent expenses are recognized in profit or loss for the period when incurred.

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② **Depreciation method**

The depreciation of fixed assets is classified and accrued using the average life method, and the depreciation rate is determined according to the type of fixed assets, the expected useful life and the estimated net residual value rate. For fixed assets for which impairment provisions have been made, the depreciation amount shall be determined in future periods based on the carrying amount after deducting the impairment provision and based on the remaining useful life. If the service life of each component of the fixed asset is different or provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciation is accrued separately.

The depreciation methods, depreciation periods, residual value rates and annual depreciation rates of various types of fixed assets are as follows:

category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual Depreciation Rate (%)
Houses and buildings	Averaging of years	20-35	3-4	2.74-4.85
Machinery and equipment	Averaging of years	5-10	3-5	9.50-19.40
Electronic devices and others	Averaging of years	5	3-5	19.00-19.40
Transportation equipment	Averaging of years	5-8	3-4	12.00-19.40

③ **Disposal of fixed assets**

A fixed asset is derecognized when it is disposed of, or when it is not expected to generate economic benefit from its use or disposal. The amount of disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting their book value and related taxes is included in profit or loss for the current period.

(16) **Construction in progress**

Construction in progress is measured at the cost actually incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other expenses necessary to bring the work in progress to its intended use. When the construction in progress reaches the intended usable state, it is transferred to fixed assets and depreciation begins to accrue from the following month.

(17) **Borrowing costs**

① **Recognition principles for capitalization of borrowing costs**

If the borrowing costs incurred by the company can be directly attributable to the acquisition, construction or production of assets that meet the conditions for capitalization, they shall be capitalized and included in the cost of relevant assets; Other borrowing costs shall be recognized as expenses according to their amount when they are incurred and included in profit or loss for the current period.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate, and inventories that need to be purchased, constructed, or produced for a considerable period of time to reach a predetermined usable or saleable state.





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② ***Borrowing costs capitalization period***

The capitalization period refers to the period from the time when the capitalization of borrowing costs starts to the time when capitalization ceases, excluding the period during which the capitalization of borrowing costs is suspended.

Borrowing costs are capitalized when the following conditions are met:

1. Asset expenditure has been incurred, and asset expenditure includes expenditure in the form of cash payment, transfer of non-cash assets or assumption of interest-bearing debts for the acquisition, construction or production of assets eligible for capitalization;
2. borrowing costs have been incurred;
3. The acquisition, construction or production activities necessary to bring the asset to its intended usable or marketable state have begun.

When the acquisition, construction or production of assets eligible for capitalization reaches the intended usable or saleable state, the borrowing costs cease to be capitalized.

③ ***Suspension of capitalization period***

If an asset eligible for capitalization is abnormally interrupted during the acquisition, construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended; Borrowing costs continue to be capitalized if the interruption is necessary for the acquisition, construction or production of assets eligible for capitalization to reach their intended usable or marketable condition. Borrowing costs incurred during the interruption period are recognized as profit or loss for the current period and continue to be capitalized until the acquisition and construction of assets or production activities resume.

④ ***The calculation method of the capitalization rate and capitalization amount of borrowing costs***

For special borrowings borrowed for the purchase, construction or production of assets eligible for capitalization, the capitalized amount of borrowing costs shall be determined by the amount of borrowing costs actually incurred in the current period of the special borrowing, minus the interest income obtained by depositing the unused borrowed funds in the bank or the investment income obtained from temporary investment.

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For general borrowings occupied for the acquisition, construction or production of assets eligible for capitalization, the amount of borrowing costs that should be capitalized for general borrowings shall be calculated and determined based on the weighted average of the asset expenditures exceeding the portion of special borrowings multiplied by the capitalization rate of the general borrowings occupied. The capitalization rate is calculated based on the weighted average effective interest rate of general borrowings.

During the capitalization period, the exchange difference between the principal and interest of the foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than foreign currency special borrowings is recognized in profit or loss for the current period.

(18) Intangible asset

① *The valuation method of intangible assets*

1. *When the company acquires intangible assets, the initial measurement is carried out at cost;*

The cost of the purchased intangible asset, including the purchase price, related taxes and other expenses directly attributable to the use of the asset for its intended purpose.

2. *Follow-up measurement*

Analyze and judge the useful life of intangible assets when acquiring them.

For intangible assets with a limited useful life, amortization is made over a period of economic benefit to the enterprise; If it is unforeseeable that the intangible asset will bring economic benefits to the enterprise, it shall be regarded as an intangible asset with an uncertain useful life and shall not be amortized.

② *Useful life estimates for intangible assets with limited useful lives*

Item	Estimated service life	Amortization method
Land use rights	33-50 years	Straight-line method
Software development fee	5-10 years	Straight-line method
Distribution network distribution rights	5-10 years	Straight-line method





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(19) Impairment of long-term assets

Long-term assets such as long-term equity investments, investment real estate, fixed assets, projects under construction, right-of-use assets, intangible assets with limited useful life, oil and gas assets, etc., which are measured on a cost basis, shall be tested for impairment at the balance sheet date. If the impairment test results show that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

For goodwill formed as a result of business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a usable state, regardless of whether there is an indication of impairment, the impairment test shall be carried out at least at the end of each year.

The Company conducts a goodwill impairment test, and the carrying amount of goodwill formed as a result of the business combination is allocated to the relevant asset group in a reasonable manner from the date of purchase; If it is difficult to allocate to the related asset group, it will be allocated to the relevant asset group combination. The relevant asset group or combination of asset groups is the one that can benefit from the synergies of the business combination.

When conducting an impairment test on a relevant asset group or a combination of asset groups containing goodwill, if there is an indication of impairment in the asset group or asset group combination related to goodwill, the asset group or asset group combination that does not contain goodwill shall first be tested for impairment, the recoverable amount shall be calculated, and the corresponding impairment loss shall be recognized by comparing it with the relevant carrying amount. If the recoverable amount is lower than the book value, the amount of impairment loss will first be offset against the book value of the goodwill allocated to the asset group or asset group combination, and then the book value of other assets will be offset proportionally according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination.

Once the above-mentioned asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

(20) Long-term amortized expenses

Long-term amortized expenses are those expenses that have already been incurred but should be borne by the current and subsequent periods for an amortized period of more than one year. Long-term amortized expenses are amortized evenly over the expected benefit period.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(21) Contract Liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and the customer's payment. The Company's obligation to transfer goods or services to the Customer for consideration received or receivable from the Customer is shown as a contractual liability. Contract assets and contract liabilities under the same contract are shown in net.

(22) Employee compensation

① *Accounting for short-term compensation*

During the accounting period in which employees provide services to the Company, the Company recognizes the actual short-term remuneration as a liability and includes it in the profit or loss for the current period or the cost of related assets.

The social insurance premiums and housing provident fund paid by the Company for the employees, as well as the trade union funds and employee education funds withdrawn in accordance with the regulations, shall be calculated and determined according to the prescribed basis and proportion of the employees' remuneration during the accounting period in which the employees provide services to the Company.

The employee benefit expenses incurred by the Company shall be included in the profit or loss for the current period or the cost of related assets according to the actual amount incurred when actually incurred, of which non-monetary benefits shall be measured at fair value.

② *Accounting for post-employment benefits*

1. *Set up a deposit and withdrawal plan*

The Company shall pay basic endowment insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government, and during the accounting period in which the employees provide services to the Company, the amount payable shall be calculated according to the payment base and proportion stipulated by the local government, recognized as a liability, and included in the current profit or loss or the cost of related assets. The Company pays a certain proportion of the total wages of employees to the local social insurance institutions, and the corresponding expenses are included in the profit or loss of the current period or the cost of related assets.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

2. *Set up a benefit plan*

The Company attributes the benefit obligations arising from the defined benefit plan to the period during which the employee provides services according to the formula determined by the expected accrued benefit unit method, and includes it in the profit or loss for the current period or the cost of related assets.

The deficit or surplus resulting from the present value of defined benefit plan obligations minus the fair value of defined benefit plan assets is recognized as a defined benefit plan net liability or net assets. If there is a surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan by the lower of the surplus of the defined benefit plan and the asset limit.

All defined benefit plan obligations, including those expected to be paid within twelve months of the end of the annual reporting period in which employees provide services, are discounted based on the market yield of Treasury bonds or high-quality corporate bonds in active markets that match the term and currency of the defined benefit plan obligations at the balance sheet date.

The cost of services arising from the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are included in the profit or loss for the current period or the cost of related assets; Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans are recognized in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and all portion of the original included in other comprehensive income is carried forward to undistributed profit within the scope of equity when the original defined benefit plan is terminated.

At the time of settlement of the defined benefit plan, the settlement gain or loss is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

③ ***Accounting for severance benefits***

If the Company provides dismissal benefits to employees, the employee remuneration liabilities arising from the dismissal benefits shall be recognized as soon as possible and included in the profit or loss for the current period as soon as possible: when the Company cannot unilaterally withdraw the dismissal benefits provided due to the termination of labor relations plan or layoff proposal; When the company recognizes costs or expenses associated with a restructuring involving the payment of severance benefits.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(23) Projected liabilities

The Company recognizes obligations related to contingencies as projected liabilities if they meet the following conditions at the same time:

1. the obligation is a current obligation of the Company;
2. the performance of such obligation is likely to result in an outflow of economic benefits from the Company;
3. the amount of the obligation can be reliably measured.

Projected liabilities are initially measured on the basis of the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimates, factors such as risks, uncertainties and time value of money associated with contingencies are taken into account. Where the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

If there is a contiguous range of required expenditures within which the likelihood of the outcomes occurring is the same, the best estimate is determined by the median of that range; In other cases, the best estimate is treated separately in the following cases:

- If the contingency involves a single item, it shall be determined according to the amount most likely to occur.
- If a contingency involves multiple items, it shall be determined according to the various possible outcomes and the relevant probability calculations.

If all or part of the expenses required to settle the projected liabilities are expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is basically determined that it can be received, and the amount of compensation recognized shall not exceed the carrying amount of the projected liabilities.

The Company reviews the carrying amount of the projected liabilities at the balance sheet date, and if there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount shall be adjusted according to the current best estimate.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(24) Revenue

① **Accounting policies used for revenue recognition and measurement**

The Company has fulfilled its performance obligations under the contract, i.e., revenue is recognized when the customer acquires control of the relevant goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and derive almost all of the economic benefits from them.

If the contract contains two or more performance obligations, the Company shall allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the commencement date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The Transaction Price means the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the Client, excluding payments received on behalf of third parties and amounts expected to be returned to the Client. The Company determines the transaction price in accordance with the terms of the contract and its past practices, and takes into account the impact of factors such as variable consideration, significant financing elements existing in the contract, non-cash consideration, and consideration payable to customers when determining the transaction price. The Company determines the transaction price, including variable consideration, by an amount not exceeding the amount of the accrued recognized revenue that is likely not to be materially reversed at the time the relevant uncertainty is eliminated. If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash assuming that the customer acquires control of the goods or services, and amortize the difference between the transaction price and the contract consideration using the effective interest rate method during the contract period.

If one of the following conditions is met, it is deemed to be a performance obligation within a certain period of time, otherwise, it is a performance obligation at a certain point in time:

- The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance.
- The customer has control over the merchandise under construction during the company's fulfillment process.
- The goods produced by the Company in the course of the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the part of the performance that has been completed so far during the entire contract period.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

For performance obligations performed within a certain period of time, the Company shall recognize revenue in accordance with the performance progress during that period, unless the performance progress cannot be reasonably determined. Taking into account the nature of the goods or services, the Company adopts the output method or the input method to determine the performance progress. When the performance progress cannot be reasonably determined, if the costs incurred are expected to be compensated, the Company shall recognize the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer acquires control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has a current right to receive payment for the goods or services, i.e. the Customer has a current payment obligation for the goods or services.
- The Company has transferred the legal title of the Goods to the Customer, i.e. the Customer has legal ownership of the Goods.
- The Company has physically transferred the Commodity to the Customer, i.e. the Customer is in physical possession of the Goods.
- The Company has transferred the principal risks and rewards of ownership of the Commodity to the Client, i.e., the Client has acquired the principal risks and rewards of ownership of the Commodities.
- The customer has accepted the goods or services, etc.

The Company determines whether the Company is primarily responsible or an agent at the time of the transaction based on whether or not it has control over the goods or services before the transfer of the goods or services to the Customer. If the Company is able to control the goods or services before the transfer of the goods or services to the Customer, the Company shall be the main responsible person and shall recognize the revenue according to the total consideration received or receivable; Otherwise, the Company acts as an agent and recognizes revenue in the amount of commissions or commissions that it is expected to be entitled to.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② **Disclose the specific revenue recognition method and measurement method according to the type of business**

1. *Revenue from commodity sales*

The company's commodity sales are mainly divided into retail commodity sales and wholesale commodity sales. Revenue from retail sales is recognized when the goods are sold to consumers, the consumers acquire the goods, and the company obtains the price of the goods or obtains the right to receive the price of the goods. Wholesale sales revenue is to confirm the realization of sales revenue when the goods are shipped and confirmed by the customer, and the company obtains the price of the goods or obtains the right to receive the price of the goods.

For the business of awarding Reward Points to customers at the same time as the sale of goods, the Company will apportion the purchase price or receivable obtained from the sale of the goods between the revenue from the sale of the goods and the separate selling price determined by the Reward Points, and recognize the part of the purchase price or receivable obtained after deducting the price to be apportioned by the Reward Points as revenue, and the price to be apportioned by the Reward Points shall be recognized as contract liabilities.

When a customer redeems Reward Points, the Group recognizes the portion of the Points redeemed that was originally included in contract liabilities as revenue, and the amount recognized as revenue is calculated and determined based on the ratio of the amount of Points redeemed for Rewards to the total number of Points that are expected to be redeemed for Rewards.

2. *Provision of labor income*

The realization of income from the provision of services is recognized when the amount of income from services rendered can be reliably measured, the relevant economic benefits are likely to flow to the enterprise, the degree of completion of the transaction can be reliably determined, and the costs incurred and to be incurred in the transaction can be reliably measured.

If the result of the transaction in which services are provided cannot be reliably estimated, the income from services provided shall be recognized at the amount of the cost of services that have been incurred and are expected to be compensated, and the costs of services incurred shall be treated as current expenses. Revenues are not recognized if the labor costs that have already been incurred are not expected to be compensated.

The Company's labor income mainly includes income from promotional activities. The realization of various labor income is recognized when the labor service has been provided and the relevant economic benefits are likely to flow into the enterprise.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(25) Contract costs

Contract costs include contract performance costs and contract acquisition costs.

If the costs incurred by the Company for the performance of the contract do not fall within the scope of the relevant standards such as inventory, fixed assets or intangible assets, they shall be recognized as an asset as contract performance costs when the following conditions are met:

- The cost is directly related to a current or anticipated contract.
- This cost increases the Company's resources to meet its performance obligations in the future.
- This cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract.

Assets related to contract costs are amortized on the same basis as revenue recognition for goods or services to which the asset relates; However, if the amortization period of the cost of contract acquisition does not exceed one year, the Company will include it in the profit or loss for the current period when it occurs.

If the carrying amount of an asset related to the contract cost is higher than the difference between the following items, the Company shall make an impairment provision for the excess and recognize it as an asset impairment loss:

1. The remaining consideration that can be expected to be obtained from the transfer of goods or services related to the asset;
2. Estimate the cost to be incurred for the transfer of the relevant goods or services.

If the factors of impairment in the previous period change later, so that the aforesaid difference is higher than the carrying amount of the asset, the Company shall reverse the impairment provision that has been made and include it in the profit or loss for the current period, but the carrying amount of the reversed asset shall not exceed the carrying amount of the asset on the reversal date assuming that no provision for impairment is made.

(26) Government subsidy

① Type

Government subsidies are monetary assets or non-monetary assets obtained by the Company from the government free of charge, which are divided into asset-related government subsidies and income-related government subsidies.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Asset-related government subsidies refer to government subsidies obtained by the Company for the acquisition, construction or other formation of long-term assets. Income-related government grants refer to government grants other than asset-related government grants. If the government document does not clearly stipulate the subsidy object, the subsidy shall be divided into income-related government subsidies and asset-related government subsidies in the following ways:

1. if the government documents specify the specific project for which the subsidy is targeted, it shall be divided according to the relative proportion of the expenditure amount of the assets formed and the expenditure amount included in the expenses in the budget of the specific project, and the division ratio shall be reviewed at each balance sheet date and changed if necessary;
2. If the purpose is only expressed in a general manner in a government document and no specific items are specified, it shall be regarded as a government subsidy related to the income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. Government subsidies measured in nominal amounts are directly included in profit or loss for the current period.

② **Confirm the timing point**

The Company usually recognizes and measures government subsidies according to the actual amount received when they are actually received. However, if there is conclusive evidence at the end of the period to show that it can meet the relevant conditions stipulated in the financial support policy, it is expected to be able to receive financial support funds, which shall be measured according to the amount receivable. The amount of government subsidies measured according to the amount receivable shall meet the following conditions at the same time:

1. the amount of the subsidy receivable has been confirmed by the competent government department, or it can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the amount is expected to be without major uncertainty;
2. It is based on the financial support projects and their financial fund management measures officially issued by the local finance department and actively disclosed in accordance with the provisions of the "Open Government Information Regulations", and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises;
3. the relevant subsidy approval document has clearly promised the allocation period, and the allocation of the funds is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the specified period.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

③ **Accounting treatment**

Asset-related government subsidies are offset against the carrying amount of the underlying assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the profit or loss for the current period in installments in accordance with a reasonable and systematic method during the useful life of the relevant assets (if it is related to the daily activities of the Company, it shall be included in other income; if it is not related to the company's daily activities, it shall be included in the non-operating income);

Government subsidies related to earnings that are used to compensate the Company for related costs, expenses or losses in subsequent periods shall be recognized as deferred income, and shall be included in the profit or loss for the current period during the period in which the relevant costs, expenses or losses are recognized (if related to the Company's daily activities, it shall be included in other income; if it is not related to the company's daily activities, it shall be included in non-operating income) or offset the relevant costs or losses; If it is used to compensate for the relevant costs, expenses or losses incurred by the Company, it shall be directly included in the profit or loss for the current period (if it is related to the daily activities of the Company, it shall be included in other income; if it is not related to the company's daily activities, it shall be included in non-operating income) or offset the relevant costs or losses.

When the recognized government subsidy needs to be returned, if there is a relevant deferred income balance, the relevant deferred income book balance shall be deducted, and the excess part shall be included in the current profit or loss or the book value of the asset shall be adjusted: if it is in other circumstances, it shall be directly included in the current profit or loss.

(27) **Deferred tax assets and deferred tax liabilities**

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations and transactions or events directly credited to owners' equity (including other comprehensive income), the Company includes current income tax and deferred income tax in profit or loss for the current period.

Deferred tax assets and deferred tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their carrying amounts (temporary differences).

For deductible temporary differences, deferred tax assets are recognized to the extent of the taxable income that is likely to be obtained in future periods to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained.

For taxable temporary differences, deferred tax liabilities are recognized, except in exceptional circumstances.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

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Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transactions or events that are neither a business combination, nor do they affect accounting profits and taxable income (or deductible losses) at the time of occurrence, and the assets and liabilities initially recognized do not result in equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company has control over the timing of the reversal of such temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures when the temporary differences are likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period in which the relevant assets are expected to be recovered or the relevant liabilities are liquidated, in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of the deferred tax asset is written down if there is a high probability that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax asset. The write-down amount is reversed when it is likely that sufficient taxable income will be obtained.

When there is a legal right to settle on a net basis, and the intention is to settle on a net basis or to acquire assets and settle liabilities at the same time, the current income tax assets and current income tax liabilities are presented as net offset.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting if the following conditions are met:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different taxpayers, but in each future period when the deferred tax assets and liabilities are reversed, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(28) Lease

Lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for a certain period of time for consideration. On the commencement date of the contract, the Company assesses whether the contract is a lease or includes a lease. A contract is a lease or contains a lease if one of the parties to a contract relinquishes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Company will split the contract and account for each separate lease. If the contract contains both leased and non-leased parts, the lessee and the lessor will split the leased and non-leased parts.

① ***The Company acts as the lessee***

1. *Right-of-use assets*

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- the amount of the initial measurement of the lease liability;
- If there is a lease incentive for the lease payment paid on or before the commencement date of the lease period, the relevant amount of the lease incentive already enjoyed shall be deducted;
- Initial direct costs incurred by the Company;
- Costs expected to be incurred by the Company to dismantle and remove the Leased Assets, restore the premises on which the Leased Assets are located or restore the Leased Assets to the conditions agreed in the terms of the lease, but do not include costs incurred for the production of inventory.

Subsequently, the Company adopted the straight-line method to accrue depreciation on right-of-use assets. If the ownership of the leased assets can be reasonably determined at the expiration of the lease term, the Company shall accrue depreciation during the remaining useful life of the leased assets; Otherwise, depreciation is accrued on the leased asset for the period whichever is shorter of the lease term and the remaining useful life of the leased asset.

The Company shall determine whether the right-of-use assets have been impaired in accordance with the principles described in “3 (19) Impairment of Long-term Assets” in this note, and shall account for the identified impairment losses.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

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2. *Lease liabilities*

At the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of unpaid lease payments. Lease payments include:

- Fixed payment amount (including substantial fixed payment amount), if there is a lease incentive, the relevant amount of the lease incentive shall be deducted;
- variable lease payments that depend on the index or ratio;
- the amount expected to be payable based on the residual value of the guarantee provided by the Company;
- the exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised;
- The amount to be paid for exercising the termination option, provided that the term of the lease reflects that the Company will exercise the termination option.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing interest rate is used as the discount rate.

The Company calculates the interest expense of the lease liabilities for each period of the lease term at a fixed periodic interest rate, and includes it in the profit or loss for the current period or the cost of related assets.

Variable lease payments that are not included in the measurement of lease liabilities are recognized in profit or loss for the current period or the cost of related assets when actually incurred.

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After the commencement date of the lease term, if the following circumstances occur, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets, and if the carrying amount of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be included in the profit or loss for the current period:

- If there is a change in the valuation results of the purchase option, renewal option or termination option, or the actual exercise of the aforesaid option is inconsistent with the original valuation result, the Company will remeasure the lease liability based on the present value calculated by the changed lease payment amount and the revised discount rate;
- When there is a change in the amount of the real fixed payment, the amount expected payable for the residual value of the guarantee, or the index or ratio used to determine the amount of lease payment, the Company will remeasure the lease liability based on the present value calculated by the changed lease payment amount and the original discount rate. However, where the change in lease payments is due to a change in the floating interest rate, the present value is calculated using the revised discount rate.

3. *Short-term leases and leases of low-value assets*

If the Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, the relevant lease payments will be included in the profit or loss for the current period or the cost of the relevant assets in each period of the lease term according to the straight-line method. A short-term lease is a lease with a lease period of not more than 12 months on the start date of the lease term and does not include an option to purchase. A lease of a low-value asset refers to a lease with a lower value when a single leased asset is a brand new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

4. *Lease Change*

If there is a change in the lease and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- The lease variation expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is commensurate with the amount of the individual price for the expanded portion of the lease as adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will reallocate the consideration of the modified contract, redetermine the lease term, and remeasure the lease liability according to the present value calculated by the lease payment amount after the change and the revised discount rate.





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If the lease scope is shortened or the lease term is shortened as a result of the lease change, the Company shall reduce the carrying amount of the right-of-use assets accordingly, and include the gains or losses related to the partial or complete termination of the lease in profit or loss for the current period. If the lease liability is remeasured due to other lease changes, the Company shall adjust the carrying amount of the right-of-use assets accordingly.

② ***The Company acts as the lessor***

On the lease commencement date, the Company divides the lease into a finance lease and an operating lease. A financial lease refers to a lease that substantially transfers almost all of the risks and rewards associated with the ownership of the leased asset, regardless of whether the ownership is ultimately transferred. Operating lease refers to leases other than financial leases. When the Company acts as a sublease, it classifies the sublease based on the right-of-use assets generated from the original lease.

1. *Accounting treatment of operating leases*

Lease receipts from operating leases are recognized as rental income on a straight-line basis for each period of the lease term. The Company capitalizes the initial direct expenses incurred in connection with the operating lease and apportion them to profit or loss for the current period on the same basis as the rental income recognition during the lease term. Variable lease payments that are not included in lease receipts are recognized in profit or loss for the current period when they are actually incurred. If there is a change in the operating lease, the company shall account for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change shall be regarded as the amount received from the new lease.

2. *Accounting treatment of financial leases*

On the lease commencement date, the Company recognized the financial lease receivables for the financial lease and terminated the recognition of the financial lease assets. When the Company initially measures the financial lease receivables, the net lease investment is recorded as the value of the financial lease receivables. The net lease investment is the sum of the unsecured residual value and the present value of lease receipts not yet received at the start date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognises interest income for each period of the lease term at a fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with “3 (10) Financial Instruments” of this note.

Variable lease payments that are not included in the net measurement of lease investments are recognized in profit or loss for the period when they are actually incurred.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

If there is a change in the financial lease and the following conditions are met at the same time, the Company will treat the change as a separate lease for accounting treatment:

- The change expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is commensurate with the amount of the individual price for the expanded portion of the lease as adjusted for the circumstances of the contract.

If the change of financial lease is not accounted for as a separate lease, the Company shall treat the changed lease in the following circumstances:

- If the change becomes effective on the lease commencement date, the lease will be classified as an operating lease, and the Company will account for it as a new lease from the effective date of the lease change, and the net lease investment prior to the effective date of the lease change will be used as the carrying amount of the leased assets;
- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease and the Company will account for it in accordance with the policy on amending or renegotiating contracts in “3 (10) Financial Instruments” of this note.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(29) Debt restructuring

① *The Company acts as a creditor*

The Company terminates the recognition of the creditor's right to receive the cash flow of the creditor's right to terminate the creditor's right. If the debt is restructured by paying off debts with assets or converting debts into equity instruments, the Company shall recognize the relevant assets when they meet the definition and recognition conditions.

If the debt restructuring is carried out by means of asset repayment, the Company shall measure the transferred non-financial assets at cost when the Company initially recognizes them. The cost of inventory, including the fair value of the waived claim and other costs directly attributable to the asset such as taxes, transportation costs, handling costs, insurance premiums, etc., incurred in bringing the asset to its current location and condition. The cost of investing in an associate or joint venture, including the fair value of the waiver of claims and other costs such as taxes directly attributable to the asset. The cost of investment real estate, including the fair value of the waiver of the claim and other costs such as taxes directly attributable to the asset. The cost of a fixed asset includes the fair value of the waiver of the claim and other costs directly attributable to the asset such as taxes, transportation costs, handling costs, installation fees, professional service fees, etc., incurred before the asset reaches its intended state of use. The cost of a biological asset, including the fair value of the waived claim and other costs such as taxes, transportation costs, insurance premiums, etc., that are directly attributable to the asset. The cost of an intangible asset includes the fair value of the waived claim and other costs such as taxes directly attributable to the use of the asset for its intended purpose. If the debt restructuring by converting the debt into an equity instrument results in the creditor converting the creditor's right into an equity investment in an associate or joint venture, the Company shall measure the initial investment cost according to the fair value of the waived debt and other costs such as taxes directly attributable to the asset. The difference between the fair value and the carrying amount of the waived claim is recognized in profit or loss for the current period.

If the debt restructuring is carried out by amending other terms, the Company shall recognize and measure the restructured creditor's rights in accordance with "3 (10) Financial Instruments" of this note.

In the event of a debt restructuring by means of multiple assets to settle debts or to compose debts, the Company shall first recognize and measure the transferred financial assets and restructured claims in accordance with "3 (10) Financial Instruments" of this note, and then allocate the fair value of the waived claims to the net amount after deducting the amount of recognition of the transferred financial assets and the restructured claims according to the fair value ratio of the assets other than the transferred financial assets, and determine the cost of each asset separately in accordance with the aforesaid method on this basis. The difference between the fair value and the carrying amount of the waived creditor's rights shall be included in the profit or loss for the current period.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② ***The Company acts as the debtor***

The Company derecognizes the debt upon discharge of the current obligation of the debt.

If the debt restructuring is carried out by means of asset repayment, the Company shall derecognize the relevant assets and the debts to be liquidated when they meet the conditions for derecognition, and the difference between the carrying amount of the liquidated debts and the carrying amount of the transferred assets shall be included in the profit or loss for the current period.

If the debt is restructured by converting the debt into equity instruments, the Company will derecognize the debt when it meets the conditions for derecognition. When the Company initially recognizes equity instruments, it is measured at the fair value of equity instruments, and if the fair value of equity instruments cannot be reliably measured, it is measured at the fair value of the debts to be paid. The difference between the carrying amount of the discharged debt and the amount recognized by the equity instrument shall be included in the profit or loss for the current period.

If the debt restructuring is carried out by amending other terms, the Company shall recognize and measure the restructured debts in accordance with “3 (10) Financial Instruments” of this note.

In the event of debt restructuring by means of multiple assets to settle debts or combine debts, the Company shall recognize and measure the equity instruments and restructured debts in accordance with the aforesaid method, and the difference between the carrying amount of the discharged debts and the carrying amount of the transferred assets and the sum of the recognized amounts of the equity instruments and restructured debts shall be included in profit or loss for the current period.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(30) Segment Reporting

The Company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system, and determines the reporting segment and discloses the segment information based on the operating segment.

An operating segment refers to a component of the Company that satisfies the following conditions at the same time:

1. the component is capable of generating revenue and incurring expenses in its daily activities;
2. The management of the Company is able to evaluate the operating results of the component on a regular basis in order to decide on the allocation of resources to it and evaluate its performance;
3. The Company is able to obtain accounting information related to the financial position, operating results, and cash flow of such components. If two or more operating divisions have similar economic characteristics and meet certain conditions, they can be merged into one operating division.

(31) Materiality criteria: determination method and selection basis

Item	Materiality criteria
Significant non-wholly owned subsidiary	The total assets of non-wholly owned subsidiaries account for more than 5% of the total assets of the group
Important projects under construction	The budget amount of a single project under construction exceeds RMB10 million
Important contingencies	The Company considers matters that are highly likely to arise or have obligations as important
Important post-balance sheet events	The Company considers matters such as the distribution of profits after the balance sheet date to be significant

(32) Changes in significant accounting policies and accounting estimates

None.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

4. TAXES

(1) Major types of taxes and rates

Tax	Tax basis	rate
Vat	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and the difference is the VAT payable after deducting the input tax allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%
Urban Maintenance Construction Tax	Calculated and paid according to the actual VAT and consumption tax paid	7%, 5%
Educational fee surcharge	Calculated and paid according to the actual VAT and consumption tax paid	3%
Local education fee surcharge	Calculated and paid according to the actual VAT and consumption tax paid	2%
Corporate income tax	Calculated and paid according to the taxable income	See the table below for details

If there are taxpayers with different enterprise income tax rates, the disclosure shall be explained

Name of the taxpayer	Income tax rate
Chao Pi International Trading (Hong Kong) Co., Ltd	16.5%
Other companies	25%

Note 1: The VAT payable is the balance of output tax minus deductible input tax, and the output tax is calculated according to the sales amount calculated in accordance with the relevant tax laws.

Note 2: The Company's subsidiary, Chao Batch International Trading (Hong Kong) Co., Ltd., is a company incorporated in Hong Kong and is subject to a corporate income tax rate of 16.5% in accordance with Hong Kong tax laws.





NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(2) Tax incentives

① *Enterprise income tax*

Beijing Xinyang Tongli Commercial Equipment Co., Ltd., a subsidiary of the Company, qualifies as a small and low-profit enterprise under the relevant provisions including the Enterprise Income Tax Law, the Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses (MOF and SAT Announcement No. 6 [2023]), and the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (MOF and SAT Announcement No. 12 [2023]). As such, it enjoys the universal SME income tax reduction policy, whereby: For the portion of annual taxable income not exceeding RMB3 million, 25% is included as taxable income; and Enterprise income tax is calculated at a reduced rate of 20%.

Taiyuan Chaopi Trading Co., Ltd., a subsidiary of the Company's subsidiary, similarly qualifies as a small and low-profit enterprise under the aforementioned regulations and enjoys identical preferential tax treatment: For the portion of annual taxable income not exceeding RMB3 million, 25% is included as taxable income; and Enterprise income tax is levied at 20%.

② *"Six taxes and two fees" exemption*

Beijing Xinyang Tongli Commercial Equipment Co., Ltd., a subsidiary of the Company, qualifies as a Small and Low-Profit Enterprise. In accordance with the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (MOF and SAT Announcement No. 12 [2023]), from January 1, 2023 to December 31, 2027, VAT small-scale taxpayers, Small and Low-Profit Enterprises, and individual businesses are eligible for a 50% reduction on the following taxes and fees (excluding water resource tax and securities transaction stamp tax): Resource tax. Urban maintenance and construction tax. Property tax. Urban land use tax. Stamp tax. Farmland occupation tax. Education surcharge. Local education surcharge. The aforementioned "Six Taxes and Two Fees" reduction policy has been applied by the Company during the current period.

Taiyuan Chaopi Trading Co., Ltd., a subsidiary of the Company's subsidiary, also qualifies as a Small and Low-Profit Enterprise and is subject to the same preferential policy under MOF and SAT Announcement No. 12 [2023]. The "Six Taxes and Two Fees" reduction policy has been similarly applied during the current period.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

5. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash and bank balances

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
cash on hand	5,503,621.89	6,129,119.26
Bank deposits	859,444,005.84	624,335,807.15
Funds in other currencies	21,667,699.52	21,581,336.32
total	886,615,327.25	652,046,262.73
Among them: the total amount of money deposited abroad	18,545,260.82	19,348,988.00

Note: The restricted monetary funds of the Group in 2025 amount to RMB22,273,232.66 (as of December 31, 2024: RMB21,914,884.21). Reference is made to Five, (18) Assets with restricted ownership or usage rights.

(2) Accounts receivable

① *Accounts receivable are disclosed by age*

Age	2025.6.30 (unaudited)	2024.12.31 (audited)
Within 1 year	835,536,921.33	1,051,213,658.20
1 to 2 years	49,356,318.96	95,915,443.00
2 to 3 years	140,619,285.84	108,533,578.91
3 to 4 years	22,916,806.43	10,411,852.21
4 to 5 years	8,708,642.54	11,076,659.87
More than 5 years	59,975,902.64	49,329,943.47
subtotal	1,117,113,877.74	1,326,481,135.66
Less: Provision for bad debts	91,046,889.84	83,088,291.27
total	1,026,066,987.90	1,243,392,844.39

Note: The aging division is determined according to the time when the transaction occurred.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② Accounts receivable are classified and disclosed according to the method of bad debt provision

category	2025.6.30 (unaudited)					2024.12.31 (audited)				
	Book balance	Provision for bad debts		Accrual		Book balance	Provision for bad debts		Accrual	
	amount	Proportion (%)	amount	ratio (%)	book value	amount	Proportion (%)	amount	ratio (%)	book value
Provision for bad debts is made on a case-by-case basis	25,128,908.45	2.25	15,281,148.81	60.81	9,847,759.64	25,233,789.79	1.90	15,341,555.06	60.80	9,892,234.73
Provision for bad debts is made according to the combination of credit risk characteristics	1,091,984,969.29	97.75	75,765,741.03	6.94	1,016,219,228.26	1,301,247,345.87	98.10	67,746,736.21	5.21	1,233,500,609.66
Thereinto:										
Aging portfolio	1,091,984,969.29	97.75	75,765,741.03	6.94	1,016,219,228.26	1,301,247,345.87	98.10	67,746,736.21	5.21	1,233,500,609.66
total	1,117,113,877.74	100.00	91,046,889.84		1,026,066,987.90	1,326,481,135.66	100.00	83,088,291.27		1,243,392,844.39

Accounts receivable for provision for bad debts on a separate basis:

name	2025.6.30 (unaudited)				2024.12.31 (audited)	
	Book balance	Provision for bad debts	Accrual ratio (%)	Basis for accrual	Book balance	Provision for bad debts
Beijing Curry Bar Co., Ltd	3,112,192.30	3,112,192.30	100	It has been confirmed that it cannot be recovered	3,112,192.30	3,112,192.30
Beijing Full-time Sanluwu Chain Convenience Store Co., Ltd	1,927,910.42	1,927,910.42	100	It has been confirmed that it cannot be recovered	1,927,910.42	1,927,910.42
Beijing Yuquan Venture Technology Co., Ltd	369,172.04	369,172.04	100	It has been confirmed that it cannot be recovered	369,172.04	369,172.04
Datong Yiyang Commercial Co., Ltd	263,909.82	263,909.82	100	It has been confirmed that it cannot be recovered	263,909.82	263,909.82
Carrefour (Shanghai) Supply Chain Management Co., Ltd	16,564,057.92	6,716,298.28	41	The confirmed part cannot be retrieved	16,524,057.92	6,631,823.19
Neighborhood Home (Beijing) Trading Co., Ltd	1,658,196.82	1,658,196.82	100	It has been confirmed that it cannot be recovered	1,658,196.82	1,658,196.82
One refers to Yao (Tianjin) Science and Technology Development Co., Ltd	590,468.00	590,468.00	100	It has been confirmed that it cannot be recovered	590,468.00	590,468.00
Zhejiang Haochoo Network Technology Co., Ltd			-	It has been confirmed that it cannot be recovered	24,439.34	24,439.34
Ferrero Trading (Shanghai) Co., Ltd	184,784.01	184,784.01	100	It has been confirmed that it cannot be recovered	184,784.01	184,784.01
China Resources Supermarket Limited	49,288.10	49,288.10	100	It has been confirmed that it cannot be recovered	49,288.10	49,288.10
Beijing Dehongyuan Hair Salon	22,521.05	22,521.05	100	It has been confirmed that it cannot be recovered	22,521.05	22,521.05
Beijing Jinfeng Chengxiang Food Co., Ltd	66,806.97	66,806.97	100	It has been confirmed that it cannot be recovered	187,248.97	187,248.97
Beijing KFC Co., Ltd	319,601.00	319,601.00	100	It has been confirmed that it cannot be recovered	319,601.00	319,601.00
total	25,128,908.45	15,281,148.81			25,233,789.79	15,341,555.06

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Provision for bad debts based on credit risk characteristics:

Age portfolio accrual items:

Age	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Accounts receivable	Provision for bad debts	Accrual ratio (%)	Accounts receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	835,536,921.33	1,384,704.87	0.17	1,049,162,492.88	1,164,792.55	0.11
1 to 2 years	49,356,318.96	1,480,689.57	3.00	83,339,323.30	2,500,179.70	3.00
2 to 3 years	132,106,557.84	13,210,655.79	10.00	105,763,535.65	10,576,353.59	10.00
3 to 4 years	14,779,888.43	3,694,964.49	25.00	9,865,057.18	2,466,264.29	25.00
4 to 5 years	8,421,112.86	4,210,556.44	50.00	4,155,581.54	2,077,790.76	50.00
More than 5 years	51,784,169.87	51,784,169.87	100.00	48,961,355.32	48,961,355.32	100.00
total	1,091,984,969.29	75,765,741.03		1,301,247,345.87	67,746,736.21	

③ Provision for bad debts accrued, reversed or recovered in the current period

category	2024.12.31 (audited)	Change amount for the period			2025.6.30 (unaudited)
		Accrual	Take back or turn back	Resale or write-off Other changes	
Accounts receivable for which expected credit losses are provided separately	15,341,555.06	60,035.75	120,442.00		15,281,148.81
Accounts receivable for expected credit losses on a combined basis	67,746,736.21	8,019,004.81			75,765,741.02
Thereinto:					
Aging portfolio	67,746,736.21	8,019,004.81			75,765,741.02
total	83,088,291.27	8,079,040.57	120,442.00		91,046,889.84

The accounts receivable credit period is typically 90 days, which can be extended to 180 days for major customers.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

④ *Accounts receivable that have not been derecognized*

Item	Factoring of accounts receivable with recourse	
	2025.6.30 (unaudited)	2024.12.31 (audited)
Transfer the book value of an asset	1,300,812.71	4,698,690.95
The value of the underlying liability Net	1,300,812.71	4,698,690.95

As of June 30, 2025, receivables from Shanxi Meetall Chain Supermarket Co., Ltd. totaling RMB1,300,812.71 were subject to ownership restrictions due to their use as collateral for bank borrowings under factoring arrangements. As of December 31, 2024, receivables from Shanxi Meetall Chain Supermarket Co., Ltd. totaling RMB4,698,690.95 were similarly restricted under factoring arrangements.

Pursuant to the factoring agreement with Industrial and Commercial Bank of China Limited, Taiyuan Jiefang Road Sub-branch (hereinafter referred to as "ICBC"), ICBC provides the Company with revolving factoring facilities up to the contractually stipulated limit. ICBC collects the full amount of the pledged receivables and only remits to the Group the excess over the loan amount. As the Group has neither transferred specifically identifiable portions of cash flows nor a proportionate share of either the total cash flows or specifically identifiable portions of cash flows, the derecognition model cannot be applied to the factored receivables. Since ICBC maintains recourse rights to these factored receivables, the Group has not transferred substantially all risks and rewards incidental to ownership of these receivables. Accordingly, the receivables continue to be recognized on our books, with cash received from the bank recorded as borrowings under receivables factoring.

(3) *Prepayments*

① *Prepayments are presented by age*

Age	2025.6.30 (unaudited)		2024.12.31 (audited)	
	amount	Proportion (%)	amount	Proportion (%)
Within 1 year	757,027,428.97	99.96	849,685,259.15	100.00
1 to 2 years	273,411.00	0.04	21,541.07	
2 to 3 years				
More than 3 years				
total	757,300,839.97	100.00	849,706,800.22	100.00

Note: As at 30 June 2025 and 31 December 2024, there was no prepayment to shareholders holding more than 5% (including 5%) of the voting shares of the Group.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(4) Other receivables

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Interest receivable		
Dividends receivable		
Other receivables	59,119,229.98	45,943,723.00
total	59,119,229.98	45,943,723.00

① Interest receivable

None.

② Receivable dividends

None.

③ Other receivables

1. Disclosure by age

Age	2025.6.30 (unaudited)	2024.12.31 (audited)
Within 1 year	50,507,093.12	41,564,890.76
1 to 2 years	6,515,673.66	2,775,273.34
2 to 3 years	1,535,163.53	322,503.92
3 to 4 years	107,683.93	2,112,510.52
4 to 5 years	2,112,510.52	334,336.02
More than 5 years	2,879,273.13	3,054,922.71
subtotal	63,657,397.89	50,164,437.27
Less: Provision for bad debts	4,538,167.91	4,220,714.27
total	59,119,229.98	45,943,723.00

Note: The aging division is determined according to the time when the transaction occurred



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

2. Classified disclosure according to the method of bad debt provision

category	2025.6.30 (unaudited)					2024.12.31 (audited)				
	Book balance	Provision for bad debts		Provision for bad debts		Book balance	Provision for bad debts		Provision for bad debts	
	Proportion	amount	ratio (%)	accrual	book value	Proportion	amount	ratio (%)	accrual	book value
	amount					amount				
Provision for bad debts is made on a case-by-case basis	807,852.36	1.27	795,852.36	98.51	12,000.00	787,852.36	1.57	787,852.36	100.00	
Provision for bad debts is made according to the combination of credit risk characteristics	62,849,545.53	98.73	3,742,315.55	5.95	59,107,229.98	49,376,584.91	98.43	3,432,861.91	6.95	45,943,723.00
Thereinto:										
Aging portfolio	62,849,545.53	98.73	3,742,315.55	5.95	59,107,229.98	49,376,584.91	98.43	3,432,861.91	6.95	45,943,723.00
total	63,657,397.89	100.00	4,538,167.91		59,119,229.98	50,164,437.27	100.00	4,220,714.27		45,943,723.00

Other receivables for provision for bad debts on a separate basis:

name	2025.6.30 (unaudited)				2024.12.31 (audited)	
	Book balance	Provision for bad debts	Accrual ratio (%)	Basis for accrual	Book balance	Provision for bad debts
Na Ai Si Lishui Sales Co., Ltd	304,140.03	304,140.03	100.00	Confirm that it cannot be retracted	304,140.03	304,140.03
Dumex Baby Food Co., Ltd	203,922.56	203,922.56	100.00	Confirm that it cannot be retracted	203,922.56	203,922.56
Guangzhou Qunhe Cosmetics Co., Ltd	200,000.00	200,000.00	100.00	Confirm that it cannot be retracted	200,000.00	200,000.00
One refers to Yao (Tianjin) Science and Technology Development Co., Ltd	20,000.00	20,000.00	100.00	Confirm that it cannot be retracted	20,000.00	20,000.00
Beijing Carrefour Commercial Co., Ltd	20,000.00	8,000.00	40.00	Confirm that it cannot be retracted	33,185.80	33,185.80
Beijing Hengtai Shengjia Trading Co., Ltd	33,185.80	33,185.80	100.00	Confirm that it cannot be retracted	17,036.67	17,036.67
Beijing Huabao Home Food Co., Ltd. Daxing Branch	17,036.67	17,036.67	100.00	Confirm that it cannot be retracted	9,567.30	9,567.30
total	807,852.36	795,852.36			787,852.36	787,852.36

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Provision for bad debts based on credit risk characteristics:

Portfolio accrual items:

name	2025.6.30 (unaudited)		Accrual ratio (%)
	Other receivables	Provision for bad debts	
Within 1 year	50,507,093.12	146,121.19	0.29
1 to 2 years	6,475,673.66	194,270.20	3.00
2 to 3 years	1,475,373.76	147,537.38	10.00
3 to 4 years	107,683.93	26,920.98	25.00
4 to 5 years	2,112,510.52	1,056,255.26	50.00
More than 5 years	2,171,210.54	2,171,210.54	100.00
total	62,849,545.53	3,742,315.55	

3. Classification by the nature of the payment

Nature of the money	2025.6.30 (unaudited)	2024.12.31 (audited)
Security deposits, deposits	2,173,389.66	4,791,090.48
Current Payments	26,334,315.85	28,032,117.58
other	35,149,692.38	17,341,229.21
total	63,657,397.89	50,164,437.27



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(5) Inventories

① Inventory classification

category	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Book balance	Provision for decline in value of inventories/provision for impairment of contract performance costs	book value	Book balance	Provision for decline in value of inventories/provision for impairment of contract performance costs	book value
raw materials	1,100,083.79		1,100,083.79	1,086,603.30		1,086,603.30
Inventory items	1,347,418,637.14		1,347,418,637.14	1,671,600,268.82		1,671,600,268.82
total	1,348,518,720.93		1,348,518,720.93	1,672,686,872.12		1,672,686,872.12

The Group is mainly engaged in fast-moving consumer goods that are essential for residents' daily life, with fast inventory realization, low risk of inventory impairment, and as of June 30, 2025, the inventory turnover was good, and the management believes that there is no indication of impairment, therefore, there is no need to make a provision for inventory decline in the year-end inventory during the year.

As at June 30, 2025, and December 31, 2024, there was no inventory used as collateral or security.

(6) Other current assets

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Input tax to be deducted	205,990,467.79	226,990,383.81
Rental expenses to be amortized	3,999.98	8,000.00
Heating costs to be amortized		1,494,172.53
Return costs receivable	3,223,465.68	5,496,182.05
other	978,568.27	1,841,547.63
total	210,196,501.72	235,830,286.02

Note: Other expenses to be amortized mainly include prepaid cooling fee, property fee, cleaning fee, security fee, etc.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(7) Other equity instrument investments

① Investments in other equity instruments

Item	2025.6.30 (unaudited)	2024.12.31 (audited)	Gains included in other comprehensive income for the period	Losses included in other comprehensive income for the period	Gains accrued at the end of the period through other comprehensive income	Losses accumulated at the end of the period through other comprehensive income	Dividend income recognized in the current period	Specified as the reason for the measurement at fair value and the change thereof through other comprehensive income
Yibin Five Merchants Investment Fund (Limited Partnership)	43,000,000.00	43,000,000.00					3,440,000.00	In December 2022, the Company subscribed for 4.2480% of the shares of Yibin Wushang Equity Investment Fund (Limited Partnership) with monetary funds of RMB43 million and became its limited partner.
total	43,000,000.00	43,000,000.00					3,440,000.00	

(8) Other non-current financial assets

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Classification of financial assets at fair value through profit or loss	44,530,391.78	51,320,856.13
Among them: investment in equity instruments	44,530,391.78	51,320,856.13
subtotal	44,530,391.78	51,320,856.13
Less: The portion that expires within one year		
total	44,530,391.78	51,320,856.13

Note: In April 2018, Beijing CP Commercial&Trading Co.,LTD, a subsidiary of the Company, subscribed for Junxiang Wuliangye No. 1 Fund Product with monetary funds of RMB11.67 million, holding 11,638,983.05 fund shares. 10% (1,163,898 shares) were redeemed in August 2021, 13.6% (1,582,900 shares) were redeemed in September 2022, and 7.6% (884,562 shares) were redeemed in September 2024, leaving 8,007,623.05 shares of the fund held.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(9) Investment properties

① *Investment real estate with a cost measurement model*

Item	Housing buildings	Land use rights	total
1. Original book value			
(1) 2024.12.31 (audited)	139,248,591.03	122,900,709.24	262,149,300.27
(2) The amount of increase in the current period	7,938,734.39		7,938,734.39
Outsourcing Inventory/Fixed assets/Construction in progresstransfer red in	7,938,734.39		7,938,734.39
(3) Decrease in the current period disposal			
(4) 2025.6.30 (unaudited)	147,187,325.42	122,900,709.24	270,088,034.66
2. Accumulated depreciation and accumulated amortization			
(1) 2024.12.31 (audited)	85,797,936.64	40,365,408.51	126,163,345.15
(2) The amount of increase in the current period	9,440,865.75	1,587,003.66	11,027,869.40
Accrual for the current period	4,156,394.83	1,587,003.66	5,743,398.48
Inventory/Fixed assets /Construction in progresstransferred in	5,284,470.92		5,284,470.92
(3) Decrease in the current period disposal			
(4) 2025.6.30 (unaudited)	95,238,802.39	41,952,412.17	137,191,214.55
3. Impairment provisions			
(1) 2024.12.31 (audited)			
(2) The amount of increase in the current period			
Accrual for the current period			
(3) Decrease in the current period disposal			
(4) 2025.6.30 (unaudited)			
4. Book value			
(1) 2025.6.30 (unaudited)	51,948,523.04	80,948,297.08	132,896,820.11
(2) 2024.12.31 (audited)	53,450,654.39	82,535,300.73	135,985,955.12

Investment properties that were not used as collateral for long-term bank borrowings as at 30 June 2025 and 31 December 2024.

As at 30 June 2025 and 31 December 2024, the land use rights in the Group's investment properties were medium-term leases.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(10) Fixed asset

① Fixed assets and fixed assets liquidation

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
fixed asset	625,466,139.89	655,951,516.90
Disposal of fixed assets	655,089.65	561.95
total	626,121,229.54	655,952,078.85

② Fixed assets

Item	Houses and buildings	Machinery and equipment	Electronic devices and others	Transportation equipment	total
1. Original book value					
(1) 2024.12.31 (audited)	1,146,091,427.14	712,034,334.37	188,485,561.06	53,442,151.58	2,100,053,474.15
(2) The amount of increase in the current period		5,380,929.07	1,245,104.39	45,853.24	6,671,886.70
purchase		3,132,455.21	1,232,564.50	45,853.24	4,410,872.95
Construction in progress transferred in		2,248,473.86			2,248,473.86
Other additions			12,539.89		12,539.89
(3) Decrease in the current period	10,999,634.31	17,921,798.55	12,774,562.56	5,005,667.07	46,701,662.49
Disposal or scrapping	3,060,899.92	17,871,035.90	12,718,192.76	5,005,667.07	38,655,795.65
Other reductions	7,938,734.39	50,762.65	56,369.80		8,045,866.84
(4) 2025.6.30 (unaudited)	1,135,091,792.83	699,493,464.89	176,956,102.89	48,482,337.75	2,060,023,698.36
2. Accumulated depreciation					
(1) 2024.12.31 (audited)	619,673,046.05	615,202,476.18	164,796,278.70	44,430,156.32	1,444,101,957.25
(2) The amount of increase in the current period	17,160,034.80	10,190,800.80	3,645,598.07	1,143,294.82	32,139,728.49
Accrual for the current period	17,160,034.80	10,190,800.80	3,645,598.07	1,143,294.82	32,139,728.49
(3) Decrease in the current period	7,857,927.53	16,953,180.00	12,216,971.52	4,656,048.22	41,684,127.27
Disposal or scrapping	2,688,000.20	16,915,316.13	12,093,949.11	4,656,048.22	36,353,313.66
Other reductions	5,169,927.33	37,863.87	123,022.41		5,330,813.61
(4) 2025.6.30 (unaudited)	628,975,153.32	608,440,096.98	156,224,905.25	40,917,402.92	1,434,557,558.47
3. Impairment provisions					
(1) 2024.12.31 (audited)					
(2) The amount of increase in the current period					
Reclassification					
Accrual for the current period					
(3) Decrease in the current period					
Disposal or scrapping					
(4) 2025.6.30 (unaudited)					
4. Book value					
(1) 2025.6.30 (unaudited)	506,116,639.51	91,053,367.91	20,731,197.64	7,564,934.83	625,466,139.89
(2) 2024.12.31 (audited)	526,418,381.09	96,831,858.19	23,689,282.36	9,011,995.26	655,951,516.90



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

③ Disposal of fixed assets

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Machinery and equipment	655,089.65	
Electronic devices and others		561.95
total	655,089.65	561.95

On June 30, 2025 and December 31, 2024, there were no fixed assets whose ownership was restricted due to their use as collateral for long-term bank borrowings.

(11) Construction in progress

① Construction in progress and construction materials

Item	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Book balance	Impairment provisions	book value	Book balance	Impairment provisions	book value
Construction in progress	142,625,368.87		142,625,368.87	140,106,423.12		140,106,423.12
Engineering materials						
total	142,625,368.87		142,625,368.87	140,106,423.12		140,106,423.12

② Construction in progress

Item	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Book balance	Impairment provisions	book value	Book balance	Impairment provisions	book value
Bungalow works	43,859,814.79		43,859,814.79	43,859,814.79		43,859,814.79
Bungalow cold storage project	9,617,821.46		9,617,821.46	9,617,821.46		9,617,821.46
Systems Software Engineering	57,135,277.06		57,135,277.06	56,604,303.61		56,604,303.61
Other projects under construction	32,012,455.56		32,012,455.56	30,024,483.26		30,024,483.26
total	142,625,368.87		142,625,368.87	140,106,423.12		140,106,423.12

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

③ Changes in significant projects under construction in the current period

Item	Budgeted number	2024.12.31 (audited)	The amount of fixed assets			2025.6.30 (unaudited)	Proportion of cumulative investment in project to budget (%)	Progress of the project	Where:		
			The amount increased in the current period	The amount transferred in the current period	Other decreases for the period				The accumulated amount of interest capitalization	The amount of interest capitalization in the current period	Current Interest Capitalization Rate (%)
Bungalow works	73,655,986.00	43,859,814.79				43,859,814.79	60	60			Own funds and bank borrowings
Bungalow cold storage project	35,047,286.00	9,617,821.46				9,617,821.46	27	27			Own funds and bank borrowings
Systems Software Engineering	65,360,118.41	56,604,303.61	530,973.45			57,135,277.06	87	87			Own funds and bank borrowings
Other projects under construction	58,795,879.06	30,024,483.26	9,600,736.26	2,248,473.86	5,364,290.10	32,012,455.56	52	52			Own funds and bank borrowings
total		140,106,423.12	10,131,709.71	2,248,473.86	5,364,290.10	142,625,368.87					

* These projects restate their project budgets and the proportion of project inputs to budgets for each relevant period based on the revised estimates in subsequent years or periods.

Note 1: As at 30 June 2025, the investment in bungalow works was mainly civil works. The Company is in the process of obtaining a construction permit, and the management believes that there is no risk of impairment in the project.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(12) Right-of-use assets

① *Right-of-use assets*

Item	Houses and buildings	total
1. Original book value		
(1) 2024.12.31 (audited)	1,223,428,632.19	1,223,428,632.19
(2) The amount of increase in the current period	1,201,924.74	1,201,924.74
– New leases	1,171,562.79	1,171,562.79
– Revaluation adjustments	30,361.95	30,361.95
(3) Decrease in the current period	169,247,146.57	169,247,146.57
– Early termination of the lease of the asset	62,620,497.10	62,620,497.10
– Lease expiration	103,225,628.64	103,225,628.64
– Revaluation Adjustment (Revaluation of Lease Changes)	3,401,020.83	3,401,020.83
(4) 2025.6.30 (unaudited)	1,055,383,410.36	1,055,383,410.36
2. Accumulated depreciation		
(1) 2024.12.31 (audited)	545,329,532.92	545,329,532.92
(2) The amount of increase in the current period	89,594,954.14	89,594,954.14
– Accrual	89,594,954.14	89,594,954.14
(3) Decrease in the current period	139,273,919.11	139,273,919.11
– Early termination of the lease of the asset	32,562,623.28	32,562,623.28
– Lease expiration	103,225,628.64	103,225,628.64
– Revaluation Adjustment (Revaluation of Lease Changes)	3,485,667.19	3,485,667.19
(4) 2025.6.30 (unaudited)	495,650,567.95	495,650,567.95
3. Impairment provisions		
(1) 2024.12.31 (audited)		
(2) The amount of increase in the current period		
– Accrual		
(3) Decrease in the current period		
– Transfer out to fixed assets		
– Disposal		
(4) 2025.6.30 (unaudited)		
4. Book value		
(1) 2025.6.30 (unaudited)	559,732,842.41	559,732,842.41
(2) 2024.12.31 (audited)	678,099,099.27	678,099,099.27

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(13) Intangible assets

① Intangible assets

Item	Land use rights	Software	Distribution network distribution rights	total
1. Original book value				
(1) 2024.12.31 (audited)	350,405,533.23	67,472,751.45	12,506,415.93	430,384,700.61
(2) The amount of increase in the current period purchase		997,440.92		997,440.92
(3) Decrease in the current period disposal				
(4) 2025.6.30 (unaudited)	350,405,533.23	68,470,192.37	12,506,415.93	431,382,141.53
2. Accumulated amortization				
(1) 2024.12.31 (audited)	118,225,408.80	47,268,681.36	12,485,012.99	177,979,103.15
(2) The amount of increase in the current period Accrual for the current period	4,529,832.02	2,562,870.74	15,320.79	7,108,023.55
(3) Decrease in the current period disposal				
(4) 2025.6.30 (unaudited)	122,755,240.82	49,831,552.10	12,500,333.78	185,087,126.70
3. Impairment provisions				
(1) 2024.12.31 (audited)				
(2) The amount of increase in the current period Accrual for the current period				
(3) Decrease in the current period Disposal of subsidiaries				
(4) 2025.6.30 (unaudited)				
4. Book value				
(1) 2025.6.30 (unaudited)	227,650,292.41	18,638,640.27	6,082.15	246,295,014.83
(2) 2024.12.31 (audited)	232,180,124.43	20,204,070.09	21,402.94	252,405,597.46



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(14) Goodwill

① *Changes in goodwill*

The name of the investee or the formation of goodwill	2024.12.31 (audited)	Increased in this period Formed by a business combination	Decrease in the current period disposal	2025.6.30 (unaudited)
Original book value				
Acquisition of Shouchao Group	86,673,788.35			86,673,788.35
subtotal	86,673,788.35			86,673,788.35
Impairment provisions				
Acquisition of Shouchao Group	7,722,054.31			7,722,054.31
subtotal	7,722,054.31			7,722,054.31
book value	78,951,734.04			78,951,734.04

Note: As of June 30, 2025 and December 31, 2024, the balance represents goodwill arising from the acquisition of Shoulian Supermarket and its subsidiaries (collectively referred to as the “Shouchao Group”) and Beijing Jingchao Commercial Co., Ltd. (hereinafter referred to as “Jingchao”). For impairment testing purposes, the goodwill acquired through the Group’s acquisition of Shouchao Group and Jingchao has been allocated to a single cash-generating unit (CGU) comprising the retail business-related assets of Shouchao Group (post-merger with Jingchao), which belongs to the retail segment.

According to the Asset Appraisal Report on the Recoverable Amount of the CGU Related to Goodwill Arising from Beijing Jingkelong Commercial Group Co., Ltd.’s Acquisition of 100% Equity in Beijing Shoulian Supermarket Co., Ltd. and 86% Equity in Beijing Jingchao Commercial Co., Ltd. for Financial Reporting Purposes (Huayazhengxing Appraisal Report No. [2025] A01-0024) issued by Beijing Huayazhengxin Asset Appraisal Co., Ltd. (engaged by the Group), the recoverable amount of Shouchao Group’s CGU (including goodwill) exceeded its carrying amount (including the full allocation of goodwill). Consequently, no goodwill impairment loss was recognized during the current period.

② *Information on the composition of the asset group or asset group portfolio to which the goodwill belongs, and the operating division to which it belongs*

Name	The composition and basis of the asset group or asset group portfolio	Business division and basis	Whether it is consistent with previous years
First Super Group	The goodwill-related asset group at the valuation reference date includes long-term assets and goodwill	Long-term assets after acquisition are a separate asset group	Yes

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

③ The specific method of determining the recoverable amount

Item	book value	Recoverable amount	Impairment amount	The method of determining fair value and disposal costs	Key parameters:	The basis for determining key parameters
First Super Group	246,274,328.73	246,274,328.73		Revenue method, replacement cost method, market method	The service life of long-term assets and the market rent of similar industries	Note 1
total	246,274,328.73	246,274,328.73				

Note 1:

① Fair Value Measurement Methodology:

The fair value of individual assets within the asset group was assessed as follows: Equipment assets: Fair value was determined using the market approach or replacement cost multiplied by the remaining useful life rate. Right-of-use assets (including long-term prepaid expenses): Fair value was determined using the market approach. For the three properties involved, the income approach was applied to assess fair value on an individual basis.

② Disposal Cost Determination:

Per relevant tax regulations, the transfer of the asset group is not subject to VAT, and no relocation fees are typically required for bulk transfers (as per SAT Circular [2011] No. 13, which applies only to transfers involving physical assets along with associated liabilities and labor). Based on the materiality principle, disposal costs considered in this assessment include: Land appreciation tax. Stamp duty. Transaction fees (2% of long-term asset value)





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Note 2: Key Parameters and Basis

① Equipment Assets:

Cost approach: Replacement cost $\times$ composite remaining life rate, where: Composite remaining life rate = Age-based rate $\times$ 40% + Observed condition rate $\times$ 60%. Market approach: For outdated equipment beyond economic useful life or without comparable models, fair value was determined based on recent secondary market data.

② Right-of-Use Assets (Including Long-Term Prepaid Expenses):

Six leasehold assets located in Beijing's Daxing, Tongzhou, Yizheng Economic Zone, and Haidian Zhongguancun districts. Variable cash flow estimation: Market rent forecasted at RMB2.14-4.87/sq.m/day (based on local market analysis). The loan interest rate of 3.60% for loans with a term of more than 5 years is used as the discount rate to determine the variable cash amount of right-of-use assets.

③ Land and Buildings:

The real estate mainly consists of three properties, located at East Gucheng Street in Shijingshan District, Beijing; West Jinding Street Entrance in Shijingshan District, Beijing; and Xinqiao Avenue in Mentougou District, Beijing. For the properties that have already been rented out, the rent during the lease term will be calculated according to the contractual rent; for the period beyond the lease term until the remaining land lease term, it will be calculated based on the market objective rent. The rent beyond the lease term will be determined based on the market rent prices of similar real estate transactions in the area where the property is located, the location and physical condition of the property being evaluated, and combined with the market development trends in that area.

The key parameters during the lease period are determined based on the lease contract with a rental annual growth rate of 0-5%, a vacancy rate of 0%, and a discount rate of 6.5%. The key indicators outside of the lease period have a rental growth rate of 0%, a vacancy rate of 21%, a discount rate of 6.5%, and an objective daily rent of 5.33 to 6.35 yuan per square meter.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(15) Long-term prepaid expenses

Item	2024.12.31 (audited)	The amount increased in the current period	Amortization amount for the period	Other reduction amounts	2025.6.30 (unaudited)
Leased asset improvement expenditures	92,740,743.74	4,363,362.11	10,645,469.33		86,458,636.52
total	92,740,743.74	4,363,362.11	10,645,469.33		86,458,636.52

(16) Deferred tax assets

① Unoffset deferred tax assets

Item	2025.6.30 (unaudited)		2024.12.31 (audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Expected credit losses			117,404.76	29,351.19
Internally unrealized sales profit			1,879,393.00	469,848.25
Taxable government grants	9,940,299.59	2,485,074.90	11,847,105.80	2,961,776.45
New Lease Standards – Lease Liabilities	674,558,010.07	168,639,502.52	823,068,410.50	205,767,102.67
total	684,498,309.66	171,124,577.42	836,912,314.06	209,228,078.56

② Unoffset deferred tax liability

Item	2025.6.30 (unaudited)		2024.12.31 (audited)	
	Taxable Temporary Differences	Deferred tax liabilities	Taxable Temporary Differences	Deferred tax liabilities
Fair value adjustments for non-monetary assets exchanged for assets	5,623,539.56	1,405,884.89	6,156,758.84	1,539,189.71
Changes in the fair value of financial assets measured at fair value through profit or loss	36,501,461.78	9,125,365.45	43,291,926.13	10,822,981.53
Capitalization adjustments for interest on borrowing costs	934,413.20	233,603.30	954,602.76	238,650.69
The difference between the carrying amount and fair value of the M&A subsidiary	559,732,842.41	139,933,210.60	740,674,432.22	185,168,608.02
total	602,792,256.95	150,698,064.24	791,077,719.95	197,769,429.95



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(Unless otherwise specified, all amounts are denominated in RMB)

③ *Deferred tax assets or liabilities on a net basis after elimination*

Item	2025.6.30 (unaudited)		2024.12.31 (audited)	
	Deferred tax assets and liabilities offset amounts	The balance of deferred tax assets or liabilities after elimination	Deferred tax assets and liabilities offset amounts	The balance of deferred tax assets or liabilities after elimination
Deferred tax assets	139,933,210.60	31,191,366.82	184,969,537.54	24,258,541.02
Deferred tax liabilities	139,933,210.60	10,764,853.64	184,969,537.54	12,799,892.41

④ *The breakdown of deferred tax assets is not recognized*

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Deductible temporary differences	95,585,057.75	87,309,005.54
Deductible losses	1,030,129,687.94	930,063,711.94
total	1,125,714,745.69	1,017,372,717.48

⑤ *Deductible losses on unrecognized deferred tax assets will mature in the following years*

year	2025.6.30 (unaudited)	2024.12.31 (audited)	remark
In 2025	111,116,325.08	111,116,325.08	
In 2026	169,770,149.58	169,770,149.58	
In 2027	227,424,206.17	227,424,206.17	
In 2028	210,321,724.03	210,321,724.03	
In 2029	211,431,307.08	211,431,307.08	
In 2030	100,065,976.00		
total	1,030,129,687.94	930,063,711.94	

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(Unless otherwise specified, all amounts are denominated in RMB)

(17) Other non-current assets

Item	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Book balance	Impairment provisions	book value	Book balance	Impairment provisions	book value
Long-term receivables to Shoulian Group	39,754,628.65		39,754,628.65	35,600,000.00		35,600,000.00
Deposit deposit	38,222,917.25		38,222,917.25	39,086,467.44		39,086,467.44
Advance payment for the project	583,601.26		583,601.26	254,374.92		254,374.92
Double-bridge project	50,232,653.00		50,232,653.00	50,232,653.00		50,232,653.00
total	128,793,800.16		128,793,800.16	125,173,495.36		125,173,495.36

Note 1: On September 13, 2024, Shoulian Group signed a loan agreement with Jingkelong, under which the two parties agreed that the loan term would be long-term, and the loan amount would be RMB35,600,000.00, and the interest would be calculated at the 5-year (LPR) prime interest rate in the loan market from the date of signing the contract.

Note 2: On November 24, 2022, the Company signed the “Land Return and Handover Record” with the People’s Government of Guanzhuang Township, Chaoyang District, Beijing and the Xianninghou Villager Committee of Guanzhuang Township, Chaoyang District, Beijing, to return and hand over the land involved in the Shuangqiao Project, which is listed as the transfer of other non-current assets from the construction in progress.

(18) Assets with restricted ownership or use

Item	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Book balance	book value	Reason for restriction	Book balance	book value	Restricted circumstances
Monetary funds	22,273,232.66	22,273,232.66	Margin deposits and frozen litigation funds, of which the margin deposit amount is 21,667,699.51 yuan, and the frozen litigation funds amount to 605,533.14 yuan.	21,914,884.21	21,914,884.21	Margin deposits
Accounts receivable	1,300,812.71	1,300,812.71	It is restricted by the fact that it can obtain bank borrowings through factoring arrangements	4,698,690.95	4,698,690.95	It is restricted by the fact that it can obtain bank borrowings through factoring arrangements
total	23,574,045.37	23,574,045.37		26,613,575.16	26,613,575.16	

Note: As of June 30, 2025, the total amount of litigation-frozen limited funds is 605,533.14 yuan;

- (1) Beijing Chaopi Xinyi Shangzhen Food Co., Ltd. has a litigation freeze of 9,157.23 yuan, resulting from a contract dispute with Beijing Meidan Food Co., Ltd., leading to the complete freeze of the account balance at CITIC Bank Beijing Dongdaqiao Sub-Branch 8110701013200144959 and Beijing Bank Jiulongshan Sub-Branch 20000031281900009396205;



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- (2) Tangshan Chaopi Shangzhen Food Co., Ltd. has a litigation freeze of 322,306.15 yuan, resulting from a contract dispute with Vosvee (Beijing) Trading Co., Ltd., Beijing Yingtong Human Resources Service Co., Ltd. and others, leading to the complete freeze of the account balance at Bank of China Yutian Sub-Branch 100828225743;
- (3) Beijing Shangzhen Food Co., Ltd. has a litigation freeze of 274,069.76 yuan, resulting from a contract dispute with Hebei Tianshuiyuan Food Co., Ltd., leading to the complete freeze of the account balance at Industrial and Commercial Bank of China Design Town Sub-Branch 0200013209000060056.

(19) Short-term borrowings

① *Classification of short-term borrowings*

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Factoring of accounts receivable (Note 1)	1,300,812.71	4,698,690.95
Guaranteed borrowing (Note 2)	1,495,640,013.00	1,763,038,186.42
Credit borrowing (Note 3)	1,145,272,950.84	1,195,762,950.84
Undue interest payable	3,425,314.89	7,727,649.81
total	2,645,639,091.44	2,971,227,478.02

As of June 30, 2025 and December 31, 2024, the annual interest rates for the aforementioned short-term borrowings ranged from 2.35% to 4.50% and 2.70% to 6.88% respectively, with no overdue borrowings outstanding.

Note 1: As of June 30, 2025, these short-term borrowings were obtained through factoring arrangements using certain accounts receivable totaling RMB1,300,813 (December 31, 2024: RMB4,698,691) from Taiyuan Trading Co., Ltd., a subsidiary of Chaopi Trading.

Note 2: As of June 30, 2025, RMB600,000,000.00 of these short-term borrowings were loans to the Company guaranteed by Chaopi Trading. Of the guaranteed borrowings: RMB458,734,609.00 were loans to Chaopi Trading guaranteed by Jingkelong; RMB30,000,000.00 were loans to Chaopi Trading's subsidiaries guaranteed by Jingkelong; RMB10,000,000.00 were loans to Chaopi Trading's subsidiaries guaranteed by Beijing Capital Financing Guarantee Co., Ltd.; RMB396,905,404.00 were loans to Chaopi Trading's subsidiaries guaranteed by Chaopi Trading.

This included: USD12,334,134.62 (equivalent to RMB88,295,136.09 at the exchange rate of 7.1586 USD/RMB as of June 30, 2025) in short-term loans extended by Hangzhou Bank Co., Ltd. Shanghai Branch to Chaopi International Hong Kong, a subsidiary of Chaopi Trading, guaranteed by Chaopi Trading.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Note 3: As of June 30, 2025, unsecured borrowings included: RMB200,000,000 in short-term loans from Industrial and Commercial Bank of China Limited Beijing Guohang Plaza Sub-branch to the Company, with no collateral required from the Group; RMB74,184,950.84 in letters of credit from China Merchants Bank Co., Ltd. Beijing Dawanglu Sub-branch to the Company, with no collateral required from the Group; RMB921,088,000.00 in unsecured loans to Chaopi Trading's subsidiaries.

(20) Notes payable

class	2025.6.30 (unaudited)	2024.12.31 (audited)
Commercial Acceptance Bills	100,000,000.00	
Banker's Acceptance	114,246,957.80	105,750,091.50
total	214,246,957.80	105,750,091.50

Note 1: As at 30 June 2025, the margin deposit for the issuance of the above banker's acceptance draft was RMB21,567,527.88.

Note 2: As at 31 December 2024, the margin deposit for the issuance of the above banker's acceptance draft was RMB21,479,478.45.

(21) Accounts payable

① *Accounts payable are presented*

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Purchase price payable	554,561,103.49	555,842,474.01
total	554,561,103.49	555,842,474.01

② *Accounts payable age*

Age	2025.6.30 (unaudited)	2024.12.31 (audited)
Within 1 year	519,024,022.75	536,086,543.57
1 to 2 years	21,237,771.27	7,097,079.85
2 to 3 years	2,655,143.02	4,499,232.55
3-4 years	6,851,193.08	4,276,016.05
4-5 years	1,998,257.22	3,883,601.99
More than 5 years	2,794,716.15	
total	554,561,103.49	555,842,474.01

Note: The aging division is determined according to the time when the transaction occurred



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(22) Advances from customers

① Advance receipts are shown

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Rent collected in advance	13,509,348.84	10,623,739.67
total	13,509,348.84	10,623,739.67

(23) Contract Liabilities

① Contract liabilities

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Advance receipts	424,011,504.45	544,849,442.19
total	424,011,504.45	544,849,442.19

(24) Payroll payable

① Employee remuneration payable is presented

Item	2024.12.31 (audited)	Increased in this period	Decrease in the current period	2025.6.30 (unaudited)
Short-term compensation	1,434,835.30	287,546,912.51	287,524,879.65	1,456,868.16
Post-employment benefits – set up a deposit and withdrawal plan		35,588,636.94	35,560,607.04	28,029.90
Severance benefits		4,234,668.72	4,234,668.72	
Other benefits that expire within a year				
total	1,434,835.30	327,370,218.17	327,320,155.41	1,484,898.06

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② Short-term remuneration is presented

Item	2024.12.31 (audited)	Increased in this period	Decrease in the current period	2025.6.30 (unaudited)
(1) Salaries, bonuses, allowances and subsidies		231,773,281.69	231,773,281.69	
(2) Employee welfare expenses		9,547,791.64	9,547,791.64	
(3) Social insurance premiums		21,872,892.39	21,855,836.61	17,055.78
Among them: medical insurance premiums		21,126,949.76	21,110,301.68	16,648.08
Workers' compensation insurance premiums		745,942.63	745,534.93	407.70
Maternity insurance premiums				
(4) Housing provident fund		19,387,255.97	19,387,255.97	
(5) Trade union funds and employee education funds	1,434,835.30	4,965,690.82	4,960,713.74	1,439,812.38
(6) Short-term paid absences				
(7) Short-term profit-sharing plan				
(8) Other short-term salaries total	1,434,835.30	287,546,912.51	287,524,879.65	1,456,868.16

③ Set up a deposit and withdrawal plan to be listed

Item	2024.12.31 (audited)	Increased in this period	Decrease in the current period	2025.6.30 (unaudited)
Basic pension insurance		34,491,738.29	34,464,557.81	27,180.48
Unemployment insurance premiums		1,096,898.65	1,096,049.23	849.42
Enterprise annuity contributions				
total		35,588,636.94	35,560,607.04	28,029.90

Note: The Group participates in the endowment insurance and unemployment insurance schemes established by government agencies in accordance with the regulations, and according to these schemes, the Group pays monthly fees of 16% and 0.5% of the basic salary of employees to these schemes respectively. In addition to the above-mentioned monthly deposit fees, the Group has no further payment obligations. The corresponding expense is charged to profit or loss for the period or the cost of the underlying asset when incurred. Under these schemes, forfeited contributions will not be used by the Group to reduce the existing contribution level.

The Group shall pay expenses of RMB34,464,557.81 and RMB1,096,049.23 respectively to the endowment insurance and unemployment insurance plans for the year (2024: RMB67,879,810.33 and RMB2,161,013.76).

As at 31 December 2024, the Group had no pension and unemployment insurance contributions due and unpaid during the reporting period.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(25) Taxes payable

Tax items	2025.6.30 (unaudited)	2024.12.31 (audited)
vat	21,322,328.67	17,530,774.57
Corporate income tax	4,387,396.10	6,978,106.32
Personal income tax	5,471,240.09	494,335.50
Urban Maintenance Construction Tax	294,140.98	198,866.37
Vehicle and vessel use tax		2,695.68
stamp duty	714,965.49	1,151,943.77
Educational fee surcharge	224,520.79	234,508.08
Local education fee surcharge	149,499.78	156,157.85
other	6,989.82	15,254.31
total	32,585,751.01	26,762,642.45

(26) Other payables

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Interest payable		
Dividends payable	7,965,855.90	71,028.00
Other payables	276,428,121.59	311,987,472.47
total	284,393,977.49	312,058,500.47

① Dividends payable

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Common stock dividends		
Other minority shareholder dividends	7,965,855.90	71,028.00
total	7,965,855.90	71,028.00

② Other payables

1. Listed by the nature of the payment

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Project payments payable	21,309,954.68	21,938,638.23
deposit	77,014,454.71	76,390,095.91
other	178,103,712.20	213,658,738.33
total	276,428,121.59	311,987,472.47

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(27) Non-current liabilities due within one year

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Lease liabilities that are due within one year	229,026,932.76	220,038,438.24
total	229,026,932.76	220,038,438.24

(28) Other current liabilities

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Returns payable	3,594,062.36	5,962,852.18
The amount of tax to be re-sold	46,801,525.23	39,311,207.88
Withholding Expenses	4,561,422.23	5,922,775.92
total	54,957,009.82	51,196,835.98

(29) Lease liabilities

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Lease payments	722,374,108.49	802,799,874.77
Less: Financing charges are not recognized	47,816,098.42	51,389,874.92
Subtotal of the present value of lease payments	674,558,010.07	751,409,999.85
Less: Lease liabilities due within one year	229,026,932.76	220,038,438.24
total	445,531,077.31	531,371,561.61

(30) Deferred income

Item	2024.12.31 (audited)	Increased in this period	Decrease in the current period	2025.6.30 (unaudited)
Asset-related government grants	11,847,105.79		1,906,806.21	9,940,299.58
Revenue-related government grants				
total	11,847,105.79		1,906,806.21	9,940,299.58



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(31) Share capital

Item	2024.12.31 (audited)	Issuance of new shares	Change in the current period (+) minus (-)			subtotal	2025.6.30 (unaudited)
			Gift shares	Provident fund to shares	other		
1. Shareholding by domestic state-owned legal persons Beijing Chaofu State-owned Assets Management Co., Ltd	167,409,808.00						167,409,808.00
subtotal	167,409,808.00						167,409,808.00
2. Other domestic shareholdings Shares held by domestic non-state-owned legal persons	5,210,428.00						5,210,428.00
Domestic natural person shareholders	57,439,764.00						57,439,764.00
subtotal	62,650,192.00						62,650,192.00
3. Foreign shares listed overseas RMB foreign shares listed overseas	182,160,000.00						182,160,000.00
subtotal	182,160,000.00						182,160,000.00
Total amount of shares	412,220,000.00						412,220,000.00

(32) Capital reserves

Item	2024.12.31 (audited)	Increased in this period	Decrease in the current period	2025.6.30 (unaudited)
1. Capital premium (equity premium)	609,790,884.29			609,790,884.29
2. Transactions with minority shareholders	-10,155,241.80			-10,155,241.80
3. Other capital reserves	5,695,492.90			5,695,492.90
total	605,331,135.39			605,331,135.39

(33) Surplus reserves

Item	2024.12.31 (audited)	Increased in this period	Decrease in the current period	2025.6.30 (unaudited)
Statutory surplus reserve	168,956,933.40			168,956,933.40
Arbitrary surplus reserve	102,946.62			102,946.62
total	169,059,880.02			169,059,880.02

In accordance with the provisions of the Company Law and the Articles of Association of the Group, the Group withdraws 10% of the net profit from the statutory surplus reserve. If the cumulative amount of statutory surplus reserve is more than 50% of the registered capital of the Group, it may not be withdrawn.

The statutory surplus reserve can be used to cover the company's losses, expand the company's production and operation or increase the company's capital.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(34) Undistributed profits

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Undistributed profit at the end of the prior year before adjustment	139,088,761.53	299,762,293.04
Adjustment of the total undistributed profit at the beginning of the year (increase +, decrease -)		
Adjusted undistributed profit at the beginning of the year	139,088,761.53	299,762,293.04
Add: Net profit attributable to the parent company for the period	-109,054,958.34	-91,561,995.45
Less: Withdrawal of statutory surplus reserve		
Withdraw any surplus reserve		
Profits return to investment		
Dividends payable on common stock		
Other distributions to shareholders		
Other Profit Distributions		
Plus: Surplus reserve to cover losses		
Defined benefit plan changes are carried forward to retained earnings		
Other comprehensive income is carried forward to retained earnings		
Other internal carry-forward of owners' equity		
Undistributed profit at the end of the period	30,033,803.19	208,200,297.59

Dividends were distributed to shareholders of the Company at RMB0 per share for the year ended December 31, 2024 (in the same period last year: dividends were distributed at RMB0 per share for the year ended December 31, 2023), and dividends were distributed in aggregate at RMB0 (in the same period last year: RMB0)

For the period from January 1, 2025 to June 30, 2025, the Board of Directors of the Company recommended that no interim dividend be paid (same period last year: zero)



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(35) Operating income and operating costs

① Operating income and operating costs

Item	Six months ended 30 June 2025 (unaudited)		Six months ended 30 June 2024 (unaudited)	
	revenue	cost	revenue	cost
Main business	3,984,419,068.29	3,641,355,894.98	4,418,443,343.08	4,079,117,792.86
Other businesses	405,751,176.52	6,889,821.53	544,002,819.39	14,508,059.16
total	4,390,170,244.81	3,648,245,716.51	4,962,446,162.47	4,093,625,852.02

Breakdown of Operating Income:

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
retail	1,077,392,855.23	1,362,551,512.41
wholesale	2,902,661,033.46	3,054,007,202.96
other	4,365,179.60	1,884,627.71
total	3,984,419,068.29	4,418,443,343.08

Concentrate: The main business income is mainly the income from the sale of food, non-staple food, consumer goods, beverages and wine.

(36) Tax and surcharges

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Urban Maintenance Construction Tax	1,841,779.55	2,252,143.68
Educational fee surcharge	1,522,027.29	1,861,147.89
Local education fee surcharge	1,014,684.87	1,240,765.28
Property tax	8,701,471.32	9,531,852.51
Land use tax	550,920.27	573,104.15
Vehicle and vessel tax	43,297.52	54,406.07
stamp duty	2,615,260.31	3,225,541.39
Environmental Protection Tax	16,856.18	29,314.42
total	16,306,297.31	18,768,275.39

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(37) Selling expenses

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Employee compensation	229,153,038.05	199,726,258.36
service charge	138,887,101.13	141,941,829.06
Depreciation and amortization expense	134,604,831.64	111,664,843.27
Promotional fees	63,706,153.03	84,054,406.25
Utility bills	22,311,308.42	38,349,613.58
Shipping	11,394,175.20	13,919,303.73
Security fee	10,136,457.65	13,522,088.66
Rental fee	8,117,372.01	61,863,290.48
Repair costs	7,031,773.65	11,626,685.17
Storage fees	6,778,523.22	9,080,534.80
Fuel and gas costs	4,062,423.08	6,575,868.53
Property fees	3,941,146.37	4,419,240.29
Cleaning fee	3,251,752.08	5,474,833.56
Advertising fee	963,769.97	2,249,685.77
Others	13,751,917.51	33,455,278.17
total	658,091,743.01	737,923,759.68

(38) Administrative expenses

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Employee compensation	116,429,154.01	123,976,178.64
Depreciation and amortization expense	4,227,770.13	4,644,693.02
Loss of inventory counts	2,651,925.02	1,039,881.68
Consultation fees	1,424,913.39	2,070,855.81
service charge	681,087.46	1,355,182.04
Audit fees	638,301.69	1,799,054.14
Other Fees	2,297,102.90	7,084,525.68
total	128,350,254.60	141,970,371.01



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(39) Finance Expenses

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Interest expense	52,466,951.03	57,000,218.13
Among them: interest expense on lease liabilities	11,878,551.30	9,579,035.69
Less: Interest income	3,864,529.74	3,739,492.15
Exchange gains and losses	895,118.96	2,122,259.01
Bank charges	3,649,336.57	2,489,800.27
total	53,146,876.82	57,872,785.26

(40) Other Income

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Government subsidy	3,579,220.67	4,445,184.38
Refund of personal income tax handling fee	360,981.91	
other	2,261.16	276,243.72
total	3,942,463.74	4,721,428.10

(41) Investment income

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Dividend income during the holding period of other equity instruments	3,440,000.00	4,300,000.00
other	2,411.29	
total	3,442,411.29	4,300,000.00

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(42) Gains or losses on changes in fair value

The source of fair value change gains	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Tradable financial assets	-6,790,464.35	-3,663,580.24
total	-6,790,464.35	-3,663,580.24

(43) Impairment losses on credits

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Bad debt loss of accounts receivable	7,640,740.06	315,381.70
Bad debt losses on other receivables	635,312.15	2,828,747.45
total	8,276,052.22	3,144,129.15

(44) Gains or losses on disposal of assets

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	The amount included in the non-recurring profit or loss for the current period
Gain or loss on disposal of non-current assets	4,076,941.53	2,542,555.60	4,076,941.53
total	4,076,941.53	2,542,555.60	4,076,941.53



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(45) Non-operating income

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	The amount included in the non-recurring profit or loss for the current period
Gains on the retirement of non-current assets	2,396.71	14,345.12	2,396.71
Compensation for liquidated damages	464,551.15	1,050,343.67	464,551.15
other	1,083,850.38	938,780.23	1,083,850.38
total	1,550,798.24	2,003,469.02	1,550,798.24

(46) Non-operating expenses

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	The amount included in the non-recurring profit or loss for the current period
Retirement losses on non-current assets	255,403.66	703,578.20	255,403.66
Amercement Outlay	12,842.52	70,557.44	12,842.52
Payment of liquidated damages	659,668.51		659,668.51
other	345,786.57	326,072.15	345,786.57
total	1,273,701.26	1,100,207.79	1,273,701.26

(47) Income tax expense

① Income tax expense schedule

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Current income tax expense	7,024,567.42	16,862,376.00
Deferred tax expense	-8,967,864.57	-13,181,085.09
total	-1,943,297.15	3,681,290.91

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② Accounting profit and income tax expense adjustment process

Item	Six months ended 30 June 2025 (unaudited)
Gross profit	-117,298,246.46
Income tax expense calculated at the statutory or applicable tax rate	-16,498,213.11
The impact of different tax rates applied to subsidiaries	-564,365.83
The impact of adjusting income tax for prior periods	565,872.66
Impact of non-taxable income	-837,013.27
Effect of non-deductible costs, expenses, and losses	453,535.18
The effect of using deductible losses on unrecognized deferred tax assets in previous periods	3,621,893.73
The impact of deductible temporary differences or deductible losses on deferred tax assets that were not recognized in the current period	11,314,993.48
Income tax expense	-1,943,297.15

(48) Earnings per share

① Basic earnings per share

Basic earnings per share is calculated as consolidated net profit attributable to ordinary shareholders of the parent divided by the weighted average number of common shares outstanding of the Company:

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Consolidated net income attributable to common shareholders of the parent company	-109,054,958.34	-91,561,995.45
The weighted average number of common shares outstanding of the Company	412,220,000.00	412,220,000.00
Basic earnings per share	-0.26	-0.22
Among them: Basic earnings per share from continuing operations	-0.26	-0.22
Basic earnings per share for discontinued operations		



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(49) Cash Flow Statement Items

① *Cash related to operating activities*

1. *Other cash received in connection with operating activities*

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Rental income	68,483,155.04	119,695,912.18
Scrap revenue	746,516.44	742,677.13
Franchise revenue		4,000.00
Government subsidy income	4,251,195.08	1,793,746.04
Get your deposit back	9,785,924.76	17,817,988.93
Storage and transportation fee income		51,212,510.32
other	4,362,112.40	46,603,585.44
total	87,628,903.72	237,870,420.04

2. *Other cash paid in connection with operating activities*

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Selling expenses (excluding rent)	110,720,059.45	113,369,973.22
Management fees	89,130,206.33	9,509,075.05
Pay rent	5,998,004.68	6,596,572.17
Pay a deposit and security deposit	11,276,355.25	7,757,032.04
Bank charges	1,097,805.25	2,535,654.00
other	3,891,753.28	9,225,739.10
total	222,114,184.24	148,994,045.58

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② *Cash related to fund-raising activities*

1. *Other cash received in connection with fund-raising activities*

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Retrieve the rental deposit total	200,000.00 200,000.00	

2. *Other cash paid in connection with fund-raising activities*

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Repayment of principal and interest on lease liabilities	61,958,312.89	78,626,029.02
Bills, deposits, etc total	61,958,312.89	46,328,150.06 124,954,179.08



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(50) Supplementary information to the cash flow statement

① Supplementary information to the cash flow statement

Supplementary Information	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
1. Adjust net profit to cash flow from operating activities		
Net profit	-115,354,949.31	-85,736,636.26
Add: Credit impairment losses	8,276,052.22	3,144,129.15
Provision for impairment of assets		
Depreciation of fixed assets	32,139,728.49	36,651,742.00
Depreciation of oil and gas assets	5,743,398.48	4,132,411.00
Depreciation of right-of-use assets	89,594,954.14	63,671,383.00
Amortization of intangible assets	7,108,023.55	6,713,014.00
Amortization of long-term amortized expenses	10,645,469.33	12,709,579.00
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated with a "-")	-4,076,941.53	-2,542,556.00
Loss on retirement of fixed assets (income is listed with a "-")	255,403.66	689,233.00
Fair Value Loss (Gain is indicated with a "-")	6,790,464.35	3,663,580.00
Finance expenses (income is indicated with a "-")	53,362,069.99	59,122,477.00
Investment losses (gains are listed with a "- sign)	-3,442,411.29	-4,300,000.00
Decrease in deferred tax assets (increase by "-")	-6,932,825.80	-12,280,080.00
Increase in deferred tax liabilities (decreases are indicated with a "-")	-2,035,038.77	-901,005.00
Decrease in inventories (increase by "-")	324,168,151.19	55,648,973.00
Decrease in operating receivables (increase in "-")	288,280,257.55	172,482,707.00
Increase in operating payables (decrease is indicated with "-")	37,871,321.95	142,657,603.00
other		2,571,275.39
Net cash flow from operating activities	732,393,128.20	458,097,829.28
2. Major investment and fund-raising activities that do not involve cash receipts and expenditures		
Debt is capitalized		
Convertible corporate bonds maturing within one year		
Acquire right-of-use assets by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
The closing balance of cash	864,342,094.59	583,581,883.27
Less: The opening balance of cash	630,131,378.52	839,268,396.13
Add: The closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	234,210,716.07	-255,686,512.86

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② *Composition of cash and cash equivalents*

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
1. Cash	864,342,094.59	583,581,883.73
Where: cash on hand	5,503,621.89	6,057,552.00
A bank deposit that can be used for payment at any time	858,838,472.70	577,524,331.73
Funds in other currencies that can be used for payment at any time		
2. Cash equivalents		
Among them: bond investments maturing within three months		
3. Balance of cash and cash equivalents at the end of the period	864,342,094.59	583,581,883.73
Among them: cash and cash equivalents held but not used by the parent company or other subsidiaries within the group		

(51) **Net current assets**

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Current assets	4,287,817,607.75	4,699,606,788.48
Less: Current liabilities	4,454,416,575.16	4,799,784,477.83
Net Current Assets	-166,598,967.41	-100,177,689.35



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(52) Lease

① As a lessee

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Interest expense on lease liabilities	11,878,551.30	25,517,156.90
Short-term lease charges that are included in the cost of the underlying asset or the current profit or loss for the simplified treatment	963,769.97	4,629,711.00
Lease expense of low-value assets through simplified treatment of the cost of the underlying asset or profit or loss for the period (other than short-term lease expense of low-value assets)		
Variable lease payments that are not included in the measurement of lease liabilities through the cost of the underlying asset or current profit or loss		
Among them: the part generated by the sale and leaseback transaction		
Income derived from the sublease of right-of-use assets	61,746,435.81	40,816,801.00
Total cash outflows related to leases	67,956,317.57	78,654,919.00
Gains and losses arising from sale-leaseback transactions		
Cash inflows from sale-leaseback transactions		
Cash outflows from sale-leaseback transactions		

The Company's potential future cash outflows, which are not included in the measurement of lease liabilities, are primarily derived from leases committed by lessees but not yet commenced.

The Company's committed but not yet commenced leases are expected to have cash outflows in future years as follows:

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Remaining lease term	Undiscounted lease payments
Within 1 year	191,643,747.73
1 to 2 years	163,863,658.07
2 to 3 years	150,568,378.68
3 to 4 years	130,177,048.51
4 to 5 years	15,340,402.44
More than 5 years	38,913,857.68
total	690,507,093.11

Note: The main leased assets in this period are houses (including leased self-owned properties and subleasing of rented properties), with lease terms generally ranging from 3 to 10 years. The lease contracts do not stipulate renewal options.

② As a lessor

1. Operating lease

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Operating lease income	66,640,143.90	76,497,993.00
Where: income related to variable lease payments that are not included in lease receipts		

The amount of undiscounted lease receipts that will be received after the balance sheet date is as follows:

Remaining lease term	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Within 1 year	123,492,871.62	103,349,097.00
1 to 2 years	112,060,222.17	43,576,450.00
2 to 3 years	99,347,814.41	29,734,371.00
3 to 4 years	76,011,955.33	20,592,170.00
4 to 5 years	55,817,520.48	11,710,630.00
More than 5 years	26,481,462.63	20,036,809.00
total	493,211,846.63	228,999,527.00

6. EQUITY IN OTHER ENTITIES

None.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

7. INTERESTS IN OTHER ENTITIES

(1) Equity in the subsidiary

① Composition of a conglomerate

Name of subsidiary	Registered capital	The main place of business	Place of incorporation	Nature of business	Shareholding ratio (%)	Proportion of voting rights (%)
Beijing Jingkelong (Langfang) Co., Ltd. (hereinafter referred to as "Jingkelong Langfang")	80,000,000.00	Langfang	Langfang	Retail	100	100
Beijing Jingkelong Supermarket Chain Co., Ltd. (hereinafter referred to as "Jingkelong Tongzhou")	29,000,000.00	Beijing	Beijing	Retail	100	100
Beijing Xinyang Tongli Commercial Equipment Co., Ltd. (hereinafter referred to as "Xinyang Tongli")	10,000,000.00	Beijing	Beijing	manufacturing	55.66	55.66
Beijing Jingkelong Shouchao Commercial Co., Ltd. (hereinafter referred to as "Shoulian Supermarket")	398,453,439.00	Beijing	Beijing	Retail	100	100
Beijing Jingke Long Haotian Hotel Management Co., Ltd. (hereinafter referred to as "Haotian Hotel")	5,000,000.00	Beijing	Beijing	Hospitality services	100	100
Jingkelong Vocational Skills Training School, Chaoyang District, Beijing (hereinafter referred to as "Training School")	500,000.00	Beijing	Beijing	training	100	100
Beijing Lianchao Commercial Co., Ltd. (hereinafter referred to as "Lianchao Company")	10,000,000.00	Beijing	Beijing	Retail	100	100
Beijing Chaopi Trading Co., Ltd. (hereinafter referred to as "Chaopi Trading")	500,000,000.00	Beijing	Beijing	Wholesale trade	79.85	79.85
Beijing Chaopi Shuanglong Liquor Sales Co., Ltd. (hereinafter referred to as "Chaopi Shuanglong")*	110,160,000.00	Beijing	Beijing	Wholesale trade	47.11	59
Beijing Chaopi Huaqing Trading Co., Ltd. (hereinafter referred to as "Chaopi Huaqing")*	80,000,000.00	Beijing	Beijing	Wholesale trade	42.66	53.43
Beijing Chaopi Condiment Co., Ltd. (hereinafter referred to as "Chaopi Condiment")*	50,000,000.00	Beijing	Beijing	Wholesale trade	42.03	52.63
Beijing Chaopi Jinglong Oil Sales Co., Ltd. (hereinafter referred to as "Chaopi Jinglong Oil")*	36,000,000.00	Beijing	Beijing	Wholesale trade	43.3	54.23
Shijiazhuang Chaopi Xinlong Trading Co., Ltd.*	5,000,000.00	Shijiazhuang	Shijiazhuang	Wholesale trade	79.85	100
Qingdao Chaopi Jinlong Trading Co., Ltd.*	5,000,000.00	Qingdao	Qingdao	Wholesale trade	79.85	100
Beijing Chaopi Zhongde Trading Co., Ltd. (hereinafter referred to as "Chaopi Zhongde")*	93,000,000.00	Beijing	Beijing	Wholesale trade	79.85	100
Taiyuan Chaopi Trading Co., Ltd. (hereinafter referred to as "Chaopi Taiyuan")*	15,000,000.00	Taiyuan	Taiyuan	Wholesale trade	79.85	100
Beijing Chaopi Yuli Trading Co., Ltd. (hereinafter referred to as "Chaopi Yuli")**	24,000,000.00	Beijing	Beijing	Wholesale trade	30.31	70
Beijing Chaopi Fangsheng Trading Co., Ltd.**	20,000,000.00	Beijing	Beijing	Wholesale trade	63.88	80
Shandong Chaopi Trading Co., Ltd. (hereinafter referred to as "Shandong Chaopi")*	26,000,000.00	Jinan	Jinan	Wholesale trade	51.9	65
Beijing Chaopi Shenglong Trading Co., Ltd. (hereinafter referred to as "Chaopi Shenglong")*	20,000,000.00	Beijing	Beijing	Wholesale trade	47.11	59
Beijing Chaopi Tianhua Trading Co., Ltd. (hereinafter referred to as "Chaopi Tianhua")*	20,000,000.00	Beijing	Beijing	Wholesale trade	42.66	53.43

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(Unless otherwise specified, all amounts are denominated in RMB)

Name of subsidiary	Registered capital	The main place of business	Place of incorporation	Nature of business	Shareholding ratio (%)	Proportion of voting rights (%)
Datong Chaopi Beichen Trading Co., Ltd. (hereinafter referred to as "Chaopi Datong")*	26,000,000.00	Datong	Datong	Wholesale trade	55.9	70
Tangshan Chaopi Baishun Trading Co., Ltd. (hereinafter referred to as "Chaopi Baishun")*	30,000,000.00	Tangshan	Tangshan	Wholesale trade	65.12	81.55
Beijing Chaopi Hongchen Trading Co., Ltd. (hereinafter referred to as "Chaopi Hongchen")*	1,000,000.00	Beijing	Beijing	Wholesale trade	51.9	65
Beijing Chaopi Shengshi Trading Co., Ltd. (hereinafter referred to as "Chaopi Shengshi")*	25,000,000.00	Beijing	Beijing	Wholesale trade	51.9	65
Beijing Chaopi Zhaoyang Life E-commerce Co., Ltd. (hereinafter referred to as "Chaopi Zhaoyang")*	72,000,000.00	Beijing	Beijing	Wholesale trade	79.85	100
Beijing Chaopi Xinyi Shangzhen Food Co., Ltd. (hereinafter referred to as "Xinyi Shangzhen")*	40,000,000.00	Beijing	Beijing	Wholesale trade	47.91	60
Beijing Shangzhen Food Co., Ltd. (hereinafter referred to as "Shangzhen Food")**	5,000,000.00	Beijing	Beijing	Wholesale trade	47.91	100
Tangshan Chaopi Shangzhen Food Co., Ltd. (hereinafter referred to as "Tangshan Shangzhen")**	4,000,000.00	Tangshan	Tangshan	manufacturing	47.91	100
Beijing Chaopitianshi Information Technology Co., Ltd. (hereinafter referred to as "Chaopitianshi")*	20,000,000.00	Beijing	Beijing	Wholesale trade	79.85	100
Chaopi International Trade (Shanghai) Co., Ltd. (hereinafter referred to as "International Trade Shanghai")*	9,800,000.00	Shanghai	Shanghai	Wholesale trade	79.85	100
Beijing Chaopi Jiusheng Famous Products Trading Co., Ltd. (hereinafter referred to as "Chaopi Jiusheng")*	30,000,000.00	Beijing	Beijing	Wholesale trade	79.85	100
Beijing Chaopi Huansheng International Trade Co., Ltd. (hereinafter referred to as "Chaopi Huansheng")*	15,000,000.00	Beijing	Beijing	Wholesale trade	40.72	51
Baoding Beijing CP Commercial&Trading Co.,LTD (hereinafter referred to as "Baoding Chao Batch")*	10,000,000.00	Baoding	Baoding	Wholesale trade	55.9	70
Chopi International Trading (Hong Kong) Co., Ltd. (hereinafter referred to as "International Trade Hong Kong")*	HKD5,000,000	Hong Kong	Hong Kong	Wholesale trade	79.85	100

Notes:

* These companies are more than 50% owned by the Beijing CP Commercial&Trading Co.,LTD Company and are recognized as subsidiaries of the Beijing CP Commercial&Trading Co.,LTD. Since the Company directly holds 79.85% of the equity interest in Chao Wholesale Trading, the Company indirectly holds a different proportion of shareholding and voting rights in these companies through Chao Wholesale Trading and Trading.

** These companies are more than 50% owned by subsidiaries of Choppy Trading and are recognized as subsidiaries of Choppy Trading's subsidiaries. Since the Company directly holds 79.85% of the equity interest in Beijing CP Commercial&Trading Co.,LTD, the Company indirectly holds a different proportion of shareholding and voting rights in these companies through Beijing CP Commercial&Trading Co.,LTD



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② Significant non-wholly owned subsidiary

Name of subsidiary	Minority shareholding	Profit or loss attributable to minority shareholders for the period		Dividends declared to minority shareholders during the period		Balance of minority interests at the end of the period	
		2025.6.30 (unaudited)	2024.12.31 (audited)	2025.6.30 (unaudited)	2024.12.31 (audited)	2025.6.30 (unaudited)	2024.12.31 (audited)
Beijing CP Commercial&Trading Co.,LTD and its subsidiaries	20.15%	-2,754,428.23	9,703,057.55	18,592,634.00	43,786,842.00	265,668,814.59	287,015,876.82

Note: The shareholding ratio of minority shareholders of subsidiaries is the same as the proportion of voting rights.

③ Key financial information of a significant non-wholly owned subsidiary

Major Assets and Liabilities:

Name of subsidiary	liquid asset	Non-current assets	2025.6.30 (unaudited)			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Beijing CP Commercial&Trading Co.,LTD and its subsidiaries	3,906,813,428.95	352,423,134.83	4,259,236,563.78	3,417,072,502.06	90,616,221.93	3,507,688,723.99

Results of operations and net cash flow

Name of subsidiary	Six months ended 30 June 2025 (unaudited)				Six months ended 30 June 2024 (unaudited)			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Beijing CP Commercial&Trading Co.,LTD and its subsidiaries	3,306,317,649.36	-28,620,192.09	-28,620,192.09	531,268,678.40	48,202,513.08	-6,115,487.71	-6,115,487.71	374,689,766.18

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

8. GOVERNMENT SUBSIDY

(1) The type, amount and presentation of government subsidies

① Government subsidies included in profit or loss for the current period

Asset-related government grants

Balance sheet presentation items	The amount included in profit or loss for the current period or offset related costs and expenses		Items included in profit or loss for the current period or offset related costs and expenses
	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	
Deferred earnings	4,838,138.59	2,571,275.40	Other earnings
total	4,838,138.59	2,571,275.40	

Revenue-related government grants

Items included in profit or loss for the current period or offset related costs and expenses	The amount included in profit or loss for the current period or offset related costs and expenses	
	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Other earnings	3,579,220.67	4,445,184.38
total	3,579,220.67	4,445,184.38

② Liabilities involving government grants

Liability items	2024.12.31 (audited)	The amount of new subsidy in this period	The amount of non-operating income included in the current period is included	The amount of other income transferred in the current period	The amount of costs and expenses written off in the current period	Other changes	2025.6.30 (unaudited)	Asset-related/ income-related
Deferred earnings	11,847,105.79			4,838,138.59			7,008,967.20	Asset-related



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(Unless otherwise specified, all amounts are denominated in RMB)

9. DISCLOSURE OF FAIR VALUE

The inputs used for fair value measurement are divided into three levels:

The first level of input is an unadjusted quote for the same asset or liability that can be obtained on the measurement date in an active market.

The second-level inputs are the inputs that are directly or indirectly observable for the underlying asset or liability in addition to the first-level inputs.

The third-level input is the unobservable input of the underlying asset or liability.

The level to which the fair value measurement result belongs is determined by the lowest level of the input value that is significant to the fair value measurement as a whole.

(1) The closing fair value of assets and liabilities at fair value

Assets at fair value:

Item	Closing fair value			total
	Level 1 Fair Value Measurement	The second level of fair value measurement	The third level of fair value measurement	
1. Ongoing fair value measurement				
◆ Investment in other equity instruments			43,000,000.00	43,000,000.00
◆ Other non-current financial assets	44,530,391.78			44,530,391.78
The total amount of assets measured at fair value on an ongoing basis	44,530,391.78		43,000,000.00	87,530,391.78

Note 1: Basis for determining the market price of continuous and non-continuous Level 1 fair value measurement items

The basis for determining the market price of the items is the transaction statement provided by the securities company.

Note 2: Basis for determining the market price of continuous and non-continuous Level 3 fair value measurement items

The company's investments in other equity instruments are designated as measured at fair value with changes recorded in other comprehensive income, involving non-controlling, jointly controlled, and significant influence equity investments in non-listed companies. If there are no significant changes in the investee's operating environment, business situation, and financial status, the company uses the investment cost as a reasonable estimate of fair value; when significant changes occur but recent information on fair value is insufficient, the company measures fair value based on the net assets of the investee as a reasonable estimate.

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(Unless otherwise specified, all amounts are denominated in RMB)

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The Company's parent company

Name of the parent company	Place of incorporation	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Proportion of voting rights of the parent company to the Company (%)
Beijing Chaofu State-owned Assets Management Co., Ltd	Beijing	Sales of food, grain and oil products	72,000	40.61	40.61

The ultimate controller of the Company is: Beijing Chaoyang State-owned Capital Operation and Management Co., Ltd. The registered address is located in Beijing.

(2) Information on the Company's subsidiaries

For details of the Company's subsidiaries, please refer to "7 Interests in other entities" in this note.

(3) Other related parties

Other related party names	Relationship between other related parties and the Company
Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. (hereinafter referred to as "Hongchao Weiye")	Controlled by the same parent company
Beijing Jin Chaoyang State-owned Capital Operation and Management Co., Ltd. (hereinafter referred to as "Jin Chaoyang")	Controlled by the same parent company
Beijing Shoulian Commercial Group Co., Ltd. (hereinafter referred to as "Shoulian Group")	Controlled by the same parent company
Kong Yushun	Minority shareholder of Sun Company



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(Unless otherwise specified, all amounts are denominated in RMB)

(4) Related party transactions

① Associated leases

The name of the lessor	Types of leased assets	Lessee	The type of transaction	Pricing basis for related party transactions	annotations	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Chaofu Company	Housing buildings	Company	rent	According to the price negotiated by both parties	Note 1	516,673.00	2,461,158.00
Hongchao Weiye	Housing buildings	The Company's subsidiary, Chao Wholesale Trading	rent	According to the price negotiated by both parties	Note 2	4,741,001.79	4,741,002.00
Hongchao Weiye	Housing buildings	Company	rent	According to the price negotiated by both parties	Note 3	36,860,855.17	40,960,513.00
Jin Chaoyang	Housing buildings	Company	rent	According to the price negotiated by both parties	Note 4	7,935,793.50	8,212,500.00

Note 1: On December 15, 2023, the Company signed a lease agreement with Chaofu Company to renew and transfer the property according to the original contract terms. The extended lease term is from January 1, 2024 to June 30, 2024. On May 10, 2024, the Company signed a supplementary agreement with Chaofu Company regarding the above-mentioned lease contract: when determining the rental standard for the period from January 1, 2024 to June 30, 2024 (hereinafter referred to as the "lease term"), the total fixed rent for the lease term was RMB2,461,157.83 after evaluation by a third-party evaluation company. On the same day, the Company signed a new lease agreement with Chaofu Company regarding the house and supporting facilities such as water, electricity, gas, and heating at Building 4, Hongmiao Beili, Chaoyang District, Beijing. The lease term is 5 years, from July 1, 2024 to June 30, 2029. Among them, the rent free period is from July 1, 2024 to September 30, 2024, totaling 3 months. Rent calculation period: From October 1, 2024 to June 30, 2029, a total of 4 years and 9 months. The basic standard for annual rent is RMB423,520.5 yuan, and the rent payment cycle is every six months, with a one-time increase of 3% from the fourth year onwards. On the same day, the Company signed a new lease agreement with Chaofu Company for the house located at No. 14, Gaojiayuan Second District, Chaoyang District, Beijing, along with supporting facilities such as water, electricity, gas, and heating. The lease term is 5 years, starting from July 1, 2024 and ending on June 30, 2029. Among them, the rent free period is from July 1, 2024 to September 30, 2024, totaling 3 months. Rent calculation period: From October 1, 2024 to June 30, 2029, a total of 4 years and 9 months. The basic standard for annual rent is RMB609,825.5 yuan, and the rent payment cycle is every six months, with a one-time increase of 3% from the fourth year onwards.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Note 2: On December 15, 2023, our subsidiary Chaopi Trading signed a lease agreement with Hongchao Weiye, renewing the transfer of the property according to the original contract terms. The extended lease term is from January 1, 2024 to June 30, 2024. On May 10, 2024, the Company signed a supplementary agreement with Hongchao Weiye regarding the above-mentioned lease contract: when determining the rental standard for the period from January 1, 2024 to June 30, 2024 (hereinafter referred to as the “lease term”), the total fixed rent for the lease term was RMB4,741,001.79 after evaluation by a third-party evaluation company 79 yuan. On the same day, the Company signed a new housing lease agreement with Hongchao Weiye, stipulating a lease term of 5 years from July 1, 2024 to June 30, 2029. Among them, the rent free period is from July 1, 2024 to September 30, 2024, totaling 3 months. Rent calculation period: From October 1, 2024 to June 30, 2029, a total of 4 years and 9 months. The basic standard for annual rent is RMB9,482,003.58 yuan, and the rent payment cycle is every six months, with a one-time increase of 3% from the fourth year onwards.

Note 3: On December 15, 2023, the Company signed a lease agreement with Hongchao Weiye to renew and transfer the property according to the original contract terms. The extended lease term is from January 1, 2024 to June 30, 2024. On May 10, 2024, the Company signed a supplementary agreement with Hongchao Weiye regarding the above-mentioned lease contract: when determining the rental standard for the period from January 1, 2024 to June 30, 2024 (hereinafter referred to as the “lease term”), the total fixed rent for the lease term was RMB4,096,0513.00 after evaluation by a third-party evaluation company. On the same day, the Company signed a new housing lease agreement with Hongchao Weiye for 32 houses and supporting facilities such as water, electricity, gas, and heating in Chaoyang District, Beijing. The lease term is 5 years, from July 1, 2024 to June 30, 2029. Among them, the rent free period is from July 1, 2024 to September 30, 2024, totaling 3 months. Rent calculation period: From October 1, 2024 to June 30, 2029, a total of 4 years and 9 months. The basic standard for annual rent is RMB72,051,511.39 yuan, and the rent payment cycle is every six months, with a one-time increase of 3% from the fourth year onwards. On the same day, the Company signed a new housing lease agreement with Hongchao Weiye for 9 buildings including Building 1 at Yaojiayuan West Exit (Food Company) in Chaoyang District, Beijing, as well as supporting facilities such as water, electricity, gas, and heating. The lease term is 1 year, from July 1, 2024 to June 30, 2025. Among them, the rent free period is from July 1, 2024 to September 30, 2024, totaling 3 months. Rent calculation period: From October 1, 2024 to June 30, 2025, a total of 9 months. The basic standard for annual rent is RMB1,252,649.21 yuan, and the rent payment cycle is every six months.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Note 4: On December 15, 2023, the Company signed a lease agreement with Jin Chaoyang to renew and transfer the property according to the original contract terms. The extended lease term is from January 1, 2024 to June 30, 2024. On May 10, 2024, a supplementary agreement was signed: When determining the rental standards for the period from January 1, 2024 to June 30, 2024 (hereinafter referred to as the "lease term"), the total fixed rent for the lease term was RMB8,212,500.00 after evaluation by a third-party evaluation company. On the same day, the Company signed a new housing lease agreement stipulating a lease term of 5 years, from July 1, 2024 to June 30, 2029. Among them, the rent free period is from July 1, 2024 to September 30, 2024, totaling 3 months. Rent calculation period: From October 1, 2024 to June 30, 2029, a total of 4 years and 9 months. The annual rent base standard is RMB15,871,587.00 yuan, and the rent payment cycle is every six months, with a one-time increase of 3% from the fourth year onwards.

② **Related Party Transactions**

The major transactions between the Group and Shoulian Group are as follows:

Lender	Transaction type	Pricing basis for related party transactions	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Shouchao Company, a subsidiary of the Company	Loan Interest	According to the price agreed upon by both parties	35,600,000.00 507,132.09	4,195,681.00 80,938.00
Lianchao Company, a subsidiary of the Company	Loan Interest	According to the price agreed upon by both parties		32,600,000.00 536,414.00

Note: The interest income from fund lending refers to the interest charged by the Group on the funds lent to Shoulian Group based on the reference bank's loan interest rate for the same period.

③ **Salary of key management personnel**

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Salary of key management personnel	4,817,975.74	3,023,904.64
total	4,817,975.74	3,023,904.64

Key management personnel refer to those who have the authority and responsibility for planning, directing, and controlling the activities of the enterprise, including directors, supervisors, and other personnel performing similar policy-making functions. Compensation paid to key management personnel includes basic salaries, bonuses, and various allowances.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(5) Unsettled items such as receivables and payables of related parties

① Receivables

Item	Affiliates	2025.6.30 (unaudited)		2024.12.31 (audited)	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other non-current assets	Shoulian Group	35,600,000.00		35,600,000.00	
Other receivables	Kong Yushun	3,690,000.00		3,690,000.00	

② Payable items

Item	Affiliates	2025.6.30 (unaudited)	2024.12.31 (audited)
Non-current liabilities due within one year	Hongchao Weiye	104,431,837.00	77,650,966.66
	Chaofu Company	1,466,106.21	984,139.06
	Jin Chaoyang	21,180,194.33	15,115,797.14
Lease liabilities	Hongchao Weiye	224,203,102.75	276,437,441.37
	Chaofu Company	3,342,758.37	3,503,534.83
	Jin Chaoyang	51,132,324.77	53,812,237.81

(6) Related Party Commitments

The following are the commitments relating to related parties that the Company has signed on the balance sheet date and do not need to be listed on the balance sheet:

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
1st year after the balance sheet date	93,750,902.86	18,060,959.20
2nd year after the balance sheet date	93,750,902.86	18,060,959.20
3rd year after the balance sheet date	96,563,429.86	18,331,873.58
Subsequent years	96,563,429.86	27,904,181.98
total	380,628,665.44	82,357,973.96



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

11. COMMITMENTS AND CONTINGENCIES

① Key Commitments

Among them, the unconfirmed commitments related to related parties are detailed in the corresponding content of the “11 Related Parties and Related Party Transactions” section of this note; The commitments related to the lease are detailed in “5 (54) Lease” of this note.

The capital commitments are as follows:

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Acquisition of fixed assets		
Authorized but not contracted	45,000,000.00	134,814,587.76
Contracted but provisioned	20,169,507.23	21,214,214.01
total	65,169,507.23	156,028,801.77

② Contingencies

In 2002, the Company entered into a Land Acquisition and Compensation Agreement with the People's Government of Guanzhuang Township, Chaoyang District, Beijing (the “Guanzhuang Township Government”), stipulating that the Guanzhuang Township Government would transfer 243.71 acres of collectively-owned land within its jurisdiction to the Company for the construction of a logistics distribution and fresh produce processing center, and the Company should pay a total compensation fee of RMB60,440,000 to the Guanzhuang Township Government. On November 13, 2006, the two parties reached a supplementary agreement regarding the aforementioned land transfer, in which the Guanzhuang Township Government increased the compensation fee to RMB97,484,000. On November 20, 2006, the Company, the Guanzhuang Township Government, and the Beijing Chaoyang District Guanzhuang Agriculture, Industry and Commerce United Company (the “Agriculture, Industry and Commerce Company”) entered into another supplementary agreement concerning the aforementioned land transfer, whereby the Guanzhuang Township Government authorized the Agriculture, Industry and Commerce Company to collect the compensation fee. After the execution of the aforementioned agreements, the Company successively paid a total compensation fee of RMB45,132,000 to the Guanzhuang Township Government and the Agriculture, Industry and Commerce Company. Due to various reasons, including changes in planned land use, the Company was unable to achieve its contractual objective of constructing the logistics distribution and fresh produce processing center, rendering the continued performance of the aforementioned agreements impossible. To recover the paid compensation fee and safeguard the Company's legitimate rights, the Company filed a lawsuit with the People's Court of Chaoyang District, Beijing in July 2022, requesting confirmation of the invalidity of the land compensation agreement and the supplementary agreement signed with the Guanzhuang Township Government, and demanding that the Guanzhuang Township Government and the Agriculture, Industry and Commerce Company return the compensation fee of RMB45,132,000 along with interest accrued during the period of their occupation of the compensation fee. The Company also returned the land to the Guanzhuang Township Government on November 24, 2022. On May 27, 2024, the People's Court of Chaoyang District, Beijing (acting as the court of first instance) issued a first-instance judgment in the case, ordering the Company to pay a land leveling fee of RMB206,700 to the Guanzhuang Township Government; to restore the land in question to cultivable conditions; and dismissing all of the Company's original claims as well as other counterclaims made by the Guanzhuang Township Government.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

On May 9, 2025, the Beijing Third Intermediate People's Court issued a second-instance ruling in the case, ordering the revocation of the judgment issued by the court of first instance; the case was remanded to the court of first instance for retrial. As of the date of this announcement, the retrial proceedings of the case are still ongoing.

12. EVENTS AFTER THE BALANCE SHEET DATE

Apart from the above matters and the matters disclosed in "5 (34) Undistributed profits" of this note, as at the date of approval of these financial statements, the Group has no other post-balance sheet events that are required to be disclosed.

13. OTHER IMPORTANT THINGS

(1) Division Information

① *Basis for determining the reporting segment and accounting policies*

For management purposes, the Group is divided into business units according to products and services, and the Group has the following three reporting segments:

- (a) The Retail segment is mainly engaged in the sale of food, non-staple food, daily necessities, tobacco and liquor, hardware and household appliances and other commodities;
- (b) The Commodity Wholesale segment is mainly engaged in the wholesale business of food, non-staple food, beverages, wine, daily necessities and other commodities;
- (c) The other segment is mainly engaged in the sale of plastic packaging products, hotel room services, school training services and others.

Management manages the operating results of each business unit separately for the purpose of making decisions on resource allocation and performance evaluation.

Segment performance is evaluated on the basis of reported segment profit.

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment in reporting to management, which are consistent with those used at the time of the preparation of these financial statements.

All assets and liabilities are included in the segment disclosure, and there are no assets and liabilities that are managed by the Group in a centralized manner.

For transfer pricing between operating segments, the reference market quotation shall be carried out according to the price agreed by both parties to the transaction.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② Financial information for the reporting segment

Item	retail	wholesale	other	Intersegment elimination	total
Revenue from external transactions	1,201,218,856.43	3,166,402,639.08	9,734,796.30		4,377,356,291.81
Income from intersegment transactions	153,846,590.70	139,915,010.28	6,769,985.62	-300,531,586.60	
Total Profit (Total Loss)	-70,884,282.70	-24,061,636.55	-372,608.89	-21,979,718.32	-117,298,246.46
Income tax expense		6,621,338.61	403,228.81		7,024,567.42
Net profit (net loss)	-60,365,365.85	-28,620,192.09	-787,968.88	-25,601,612.05	-115,375,138.87
Total assets	4,166,297,351.64	4,259,236,563.78	222,133,583.03	-2,239,252,685.62	6,408,414,812.83
Total liabilities	2,536,281,810.59	3,507,688,723.99	23,995,127.00	-1,147,312,855.89	4,920,652,805.69
Additional information:					
Depreciation and amortization expense	104,298,571.01	39,992,865.23	3,379,694.58	-2,439,556.83	145,231,573.99
Credit impairment losses	944,999.37	7,292,253.44	38,799.40		8,276,052.21
Asset impairment losses					
Capital expenditures	18,736,091.25	2,272,636.06	78,761.06		21,087,488.37

14. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

(1) Accounts receivable

① Accounts receivable are disclosed by age

Age	2025.6.30 (unaudited)	2024.12.31 (audited)
Within 1 year	176,889,959.87	172,057,438.77
1 to 2 years	20,294,421.48	9,388,788.64
2 to 3 years	5,515,582.99	3,629,541.16
3 to 4 years	3,596,805.15	
4 to 5 years		
More than 5 years subtotal	206,296,769.49	185,075,768.57
Less: Provision for bad debts	2,039,480.73	1,200,400.23
total	204,257,288.76	183,875,368.34

Note: The aging classification is determined based on the transaction occurrence time.

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

② *Accounts receivable are classified and disclosed according to the method of bad debt provision*

category	2025.6.30 (unaudited)					2024.12.31 (audited)				
	Book balance amount	Proportion (%)	Provision for bad debts amount	Accrual ratio (%)	book value	Book balance amount	Proportion (%)	Provision for bad debts amount	Accrual ratio (%)	book value
Provision for bad debts is made on a case-by-case basis	408,929.02	0.20	408,929.02	100.00		529,371.02	0.29	529,371.02	100.00	
Provision for bad debts is made according to the combination of credit risk characteristics	205,887,840.47	99.80	1,630,551.71	0.79	204,257,288.76	184,546,397.55	99.71	671,029.21	0.36	183,875,368.34
Thereinto:										
A combination of related parties within the scope of the consolidation	96,348,322.10	46.70			96,348,322.10	100,319,242.59	54.20			100,319,242.59
Aging portfolio	109,539,518.37	53.10	1,630,551.71	1.49	107,908,966.66	84,227,154.96	45.51	671,029.21	0.80	83,556,125.75
total	206,296,769.49	100.00	2,039,480.73		204,257,288.76	185,075,768.57	100.00	1,200,400.23		183,875,368.34

1. *Important accounts receivable for which provision for bad debts is made on a separate basis:*

name	2025.6.30 (unaudited)				2024.12.31 (audited)	
	Book balance	Provision for bad debts	Accrual ratio (%)	Basis for accrual	Book balance	Provision for bad debts
Beijing Dehongyuan Hair Salon	22,521.05	22,521.05	100	It is not expected to be recovered	22,521.05	22,521.05
Beijing Jinfeng Chengxiang Food Co., Ltd	66,806.97	66,806.97	100	It is not expected to be recovered	187,248.97	187,248.97
Beijing KFC Co., Ltd	319,601.00	319,601.00	100	It is not expected to be recovered	319,601.00	319,601.00
total	408,929.02	408,929.02			529,371.02	529,371.02



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

2. Provision for bad debts based on credit risk characteristics:

1. Combination provision project: Combination of related parties within the scope of consolidation

Age	2025.6.30 (unaudited)		
	Accounts receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	83,641,245.14		
1 to 2 years	12,707,076.96		
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years			
total	96,348,322.10		

2. Combination provision project: Age combination

Age	2025.6.30 (unaudited)		
	Accounts receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	93,248,714.73		
1 to 2 years	7,587,344.52	227,620.33	3.00
2 to 3 years	5,152,889.36	515,288.94	10.00
3 to 4 years	3,550,569.76	887,642.44	25.00
4 to 5 years			
More than 5 years			
total	109,539,518.37	1,630,551.71	

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

③ *Provision for bad debts accrued, reversed or recovered in the current period*

category	2024.12.31 (audited)	Accrual	Change amount for the period			2025.6.30 (unaudited)
			Take back or turn back	Resale or write-off	Other changes	
Accounts receivable for which expected credit losses are provided separately	529,371.02		120,442.00			408,929.02
Accounts receivable for expected credit losses on a combined basis	671,029.21	959,522.50				1,630,551.71
Thereinto:						
Aging portfolio	671,029.21	959,522.50				1,630,551.71
Risk-free portfolio						
total	1,200,400.23	959,522.50	120,442.00			2,039,480.73

(2) **Other receivables**

Item	2025.6.30 (unaudited)	2024.12.31 (audited)
Interest receivable		
Dividends receivable		
Other receivables	682,394,850.70	677,967,987.62
total	682,394,850.70	677,967,987.62

① *Interest receivable*

None.

② *Dividends receivable*

None.



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

③ Other receivables

1. Disclosure by age

Age	2025.6.30 (unaudited)	2024.12.31 (audited)
Within 1 year	305,974,720.82	668,048,971.71
Among them: those under 6 months old	305,966,101.70	388,015,978.21
From July to December	8,619.12	280,032,993.50
1 to 2 years	370,303,416.91	9,918,739.92
2 to 3 years	6,125,799.67	1,541.10
3 to 4 years		
4 to 5 years		
More than 5 years		
subtotal	682,403,937.40	677,969,252.73
Less: Provision for bad debts	9,086.70	1,265.11
total	682,394,850.70	677,967,987.62

Note: The aging classification is determined based on the transaction occurrence time.

2. Classified disclosure according to the method of bad debt provision

category	2025.6.30 (unaudited)					2024.12.31 (audited)				
	Book balance	Provision for bad debts			book value	Book balance	Provision for bad debts			
	Proportion	amount	Accrual	Proportion		amount	Accrual			
	amount	(%)	amount	ratio (%)		amount	(%)	amount	ratio (%)	
Provision for bad debts is made on a case-by-case basis										
Provision for bad debts is made according to the combination of credit risk characteristics	682,403,937.40	100.00	9,086.70		682,394,850.70	677,969,252.73	100.00	1,265.11		677,967,987.62
Thereinto:										
A combination of related parties within the scope of the consolidation	680,159,638.06	99.67			680,159,638.06	676,129,263.88	99.73			676,129,263.88
Aging portfolio	2,244,299.34	0.33	9,086.70	0.40	2,235,212.64	1,839,988.85	0.27	1,265.11	0.07	1,838,723.74
total	682,403,937.40	100.00	9,086.70		682,394,850.70	677,969,252.73	100.00	1,265.11		677,967,987.62

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

Provision for bad debts based on credit risk characteristics:

- ① Combination provision project: Combination of related parties within the scope of consolidation

Age	2025.6.30 (unaudited)		
	Other receivables	Provision for bad debts	Accrual ratio (%)
Within 1 year	304,030,438.39		
1 to 2 years	370,003,400.00		
2 to 3 years	6,125,799.67		
3 to 4 years			
4 to 5 years			
More than 5 years			
total	680,159,638.06		

- ② Combination provision project: Age combination

Age	2025.6.30 (unaudited)		
	Other receivables	Provision for bad debts	Accrual ratio (%)
Within 1 year	1,944,282.43	86.19	
1 to 2 years	300,016.91	9,000.51	3.00
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years			
total	2,244,299.34	9,086.70	



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

3. Provision for bad debts

	Phase 1 Expected credit losses over the next 12 months	Phase II Expected credit losses over the entire duration (no credit impairment occurred)	Phase 3 Expected credit loss over the entire duration (credit impairment incurred)	total
Balance at the end of the previous year	1,265.11		1,265.11	
The balance at the end of the previous year is in the current period	1,265.11		1,265.11	
– Move to the second stage				
– Move to the third stage				
– Turn back to the second stage				
– Turn back to the first stage				
Accrual for the current period	7,821.59		7,821.59	
This issue is reversed				
Resold in this period				
Write-off in the current period				
Other changes				
Closing balance	9,086.70		9,086.70	

4. Classification according to the nature of the payment

Nature of the money	2025.6.30 (unaudited)	2024.12.31 (audited)
Intra-group related party transactions	680,159,638.06	676,129,263.88
other	2,244,299.34	1,839,988.85
total	682,403,937.40	677,969,252.73

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(3) Long-term equity investment

Item	2025.6.30 (unaudited)			2024.12.31 (audited)		
	Book balance	Impairment provisions	book value	Book balance	Impairment provisions	book value
Investment in subsidiaries	1,246,991,571.34		1,246,991,571.34	1,246,991,571.34		1,246,991,571.34
Investment in joint ventures						
Investment in associates						
subtotal	1,246,991,571.34		1,246,991,571.34	1,246,991,571.34		1,246,991,571.34
Less: Provision for impairment of long-term equity investments						
total	1,246,991,571.34		1,246,991,571.34	1,246,991,571.34		1,246,991,571.34

① Investments in subsidiaries

Investee	2024.12.31 (audited)	Changes in the current period				June 30, 2025 impairment provision (unaudited)
		December 31, 2024 impairment provision (audited)	Additional investment	Reduce investment	Provision for impairment was made for the period other	
Beijing Jingkelong (Langfang) Co., Ltd	83,980,000.00					83,980,000.00
Beijing Jingkelong Supermarket Chain Co., Ltd	29,000,000.00					29,000,000.00
Beijing Jingkelong Shouchao Commercial Co., Ltd	422,484,500.00					422,484,500.00
Beijing Lianchao Commercial Co., Ltd	268,955,702.05					268,955,702.05
Beijing Chaopi Trading Co., Ltd	436,505,594.29					436,505,594.29
Beijing XinyangTongli Commercial Equipment Co., Ltd	5,565,775.00					5,565,775.00
Jingkelong Vocational Skills Training School, Chaoyang District, Beijing	500,000.00					500,000.00
total	1,246,991,571.34					1,246,991,571.34



NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS FOR THE YEAR 2025

(Unless otherwise specified, all amounts are denominated in RMB)

(4) Operating income and operating costs

① Operating income and operating costs

Item	Six months ended 30 June 2025 (unaudited)		Six months ended 30 June 2024 (unaudited)	
	revenue	cost	revenue	cost
Main business	1,038,726,384.57	879,193,855.44	1,304,173,858.16	1,129,589,088.14
Other businesses	138,745,871.21	3,535,760.15	166,316,686.93	10,957,671.34
total	1,177,472,255.78	882,729,615.59	1,470,490,545.09	1,140,546,759.48

(5) Investment income

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Long-term equity investment income accounted for by the cost method	20,074,265.50	19,962,950.00
other	2,411.29	
total	20,076,676.79	19,962,950.00

(6) Other

None.

Beijing Jingkelong Company Limited
August 22, 2025