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

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (the “**Board**”) of Beijing Jingkelong Company Limited (the “**Company**” or “**Jingkelong**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”). The unaudited consolidated results have been reviewed by the auditors, BDO CHINA Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所 (特殊普通合夥)) and the audit committee of the Company (the “**Audit Committee**”).

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

\* For identification purposes only

## FINANCIAL INFORMATION

### CONSOLIDATED BALANCE SHEETS

<b>Item</b>	<i>Note</i>	<b>2024.6.30</b> <b>RMB</b> <b>(unaudited)</b>	<b>2023.12.31</b> <b>RMB</b> <b>(audited)</b>
<b>Current assets:</b>			
Cash and bank balances		<b>649,343,817</b>	965,738,836
Accounts receivable	3	<b>1,071,745,325</b>	984,080,370
Prepayments		<b>768,523,599</b>	1,006,417,128
Other receivables		<b>209,936,923</b>	155,398,786
Inventories		<b>1,559,331,775</b>	1,614,980,748
Non-current assets due within one year		<b>36,795,681</b>	38,552,635
Other current assets		<b>205,469,512</b>	182,781,935
<b>Total current assets</b>		<b><u>4,501,146,632</u></b>	<b><u>4,947,950,438</u></b>
<b>Non-current assets:</b>			
Other equity instrument investment		<b>43,000,000</b>	43,000,000
Other non-current financial assets		<b>52,872,932</b>	56,536,513
Investment properties		<b>140,278,706</b>	144,411,117
Fixed assets		<b>679,409,808</b>	711,768,288
Construction in progress		<b>135,775,067</b>	126,502,959
Right-of-use assets		<b>889,068,622</b>	532,032,693
Intangible assets		<b>259,228,629</b>	261,538,696
Goodwill		<b>86,673,788</b>	86,673,788
Long-term prepaid expenses		<b>102,101,737</b>	110,094,722
Deferred tax assets		<b>32,801,726</b>	20,521,646
Other non-current assets		<b>91,019,214</b>	91,013,831
<b>Total non-current assets</b>		<b><u>2,512,230,229</u></b>	<b><u>2,184,094,253</u></b>
<b>TOTAL ASSETS</b>		<b><u>7,013,376,861</u></b>	<b><u>7,132,044,691</u></b>

Item	Note	2024.6.30 RMB (unaudited)	2023.12.31 RMB (audited)
<b>Current liabilities:</b>			
Short-term borrowings		2,563,594,879	3,148,009,496
Notes payable		292,147,688	301,955,528
Accounts payables	4	511,103,722	528,664,977
Advances from customers		13,718,844	9,412,156
Contract liabilities		454,749,119	312,190,012
Payroll payable		1,459,309	1,571,356
Taxes payable		32,403,364	48,080,384
Other payables		352,753,655	267,363,145
Including: Interest payable		-	-
Dividends payable		23,043,088	5,716,728
Non-current liabilities due within one year		217,606,090	157,491,015
Other current liabilities		68,150,619	51,279,226
<b>Total current liabilities</b>		<b><u>4,507,687,289</u></b>	<b><u>4,826,017,295</u></b>
<b>Non-current liabilities:</b>			
Leases liabilities		793,592,221	445,145,916
Deferred income		12,866,399	15,437,674
Deferred tax liabilities		11,675,064	12,576,069
<b>Total non-current liabilities</b>		<b><u>818,133,684</u></b>	<b><u>473,159,659</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>5,325,820,973</u></b>	<b><u>5,299,176,954</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		412,220,000	412,220,000
Capital reserves		605,177,454	605,177,454
Surplus reserves		169,059,880	169,059,880
Undistributed profits	5	208,200,300	299,762,295
<b>Total equity attributable to shareholders of the parent company</b>		<b><u>1,394,657,634</u></b>	<b><u>1,486,219,629</u></b>
<b>Minority interests</b>		<b><u>292,898,254</u></b>	<b><u>346,648,108</u></b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>1,687,555,888</u></b>	<b><u>1,832,867,737</u></b>
<b>TOTAL LIABILITES AND SHAREHOLDERS' EQUITY</b>		<b><u>7,013,376,861</u></b>	<b><u>7,132,044,691</u></b>

## CONSOLIDATED INCOME STATEMENT

Item	Notes	Six months ended	Six months ended
		30 June 2024	30 June 2023
		RMB	RMB
		(unaudited)	(unaudited)
<b>I. Total operating income</b>	6	<b>4,962,446,162</b>	4,582,440,232
Including: Operating income		<b>4,962,446,162</b>	4,582,440,232
<b>II. Total operating costs</b>	6	<b>5,050,161,042</b>	4,591,022,288
Including: Operating cost		<b>4,093,625,852</b>	3,644,465,040
Taxes and surcharges		<b>18,768,275</b>	17,550,995
Selling expenses		<b>737,923,759</b>	727,822,318
Administrative expenses		<b>141,970,371</b>	143,015,831
Financial expenses		<b>57,872,785</b>	58,168,104
Add: Other income		<b>4,721,428</b>	7,215,717
Investment income		<b>4,300,000</b>	–
Gains or losses on changes in fair value		<b>(3,663,580)</b>	(4,864,025)
Impairment losses on credits		<b>(3,144,129)</b>	(2,743,869)
Gains on disposal of assets		<b>2,542,556</b>	823,858
<b>III. Operating profit</b>		<b>(82,958,605)</b>	(8,150,375)
Add: Non-operating income		<b>2,003,469</b>	2,691,705
Less: Non-operating expenses		<b>1,100,208</b>	1,529,127
<b>IV. Total profit</b>		<b>(82,055,344)</b>	(6,987,797)
Less: Income tax expense	7	<b>3,681,291</b>	30,793,896
<b>V. Net profit</b>		<b>(85,736,635)</b>	(37,781,693)
(I) Classified by business continuity			
1. Net profit from continued operations		<b>(85,736,635)</b>	(37,781,693)
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		<b>(91,561,995)</b>	(48,579,117)
2. Profit or loss attributable to minority interests		<b>5,825,360</b>	10,797,424

<b>Item</b>	<i>Notes</i>	<b>Six months ended 30 June 2024 RMB (unaudited)</b>	<b>Six months ended 30 June 2023 RMB (unaudited)</b>
<b>VI. Net value of other comprehensive income after tax</b>		–	–
(I) Net value of other comprehensive income attributable to shareholders of the parent company after tax		–	–
1. Other comprehensive income which cannot be reclassified into profit or loss subsequently		–	–
(1) Remeasurement of changes in net defined benefit liabilities or assets		–	–
(2) Share in investees' other comprehensive income cannot be reclassified into profit or loss under equity method		–	–
2. Other comprehensive income which can be reclassified into profit or loss subsequently		–	–
(1) Share in investees' other comprehensive income can be reclassified into profit or loss under equity method		–	–
(2) Balancing arising from the translation of foreign currency financial statements		–	–
(II) Net value of other comprehensive income attributable to minority interests after tax		–	–
<b>VII. Total comprehensive income</b>		<b>(85,736,635)</b>	<b>(37,781,693)</b>
(I) Total comprehensive income attributable to shareholders of the parent company		<b>(91,561,995)</b>	<b>(48,579,117)</b>
(II) Total comprehensive income attributable to minority interests		<b>5,825,360</b>	<b>10,797,424</b>
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share	8	<b>(0.22)</b>	<b>(0.12)</b>
(II) Dilutive earnings per share		<b>N/A</b>	<b>N/A</b>

## NOTES:

### 1. GENERAL INFORMATION

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

On 25 September 2006, the H shares issued by the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("SEHK"). On 26 February 2008, all the H shares were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares as at 30 June 2024.

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

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

The financial statements of the Group are prepared on the basis of the going concern assumption, reflecting transactions and events that have actually occurred, in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" (issued by the Ministry of Finance under Order No. 33 and revised under Order No. 76), specific accounting standards, application guidelines, interpretations, and other relevant regulations issued and revised by the Ministry of Finance on and after February 15, 2006 (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"). Additionally, the Group discloses relevant financial information in compliance with the requirements of the Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Group's accounting practices are based on the accrual basis. Except for certain financial instruments, the financial statements are measured using the historical cost basis. Where assets are impaired, corresponding impairment provisions are made in accordance with the relevant regulations.

### 3. ACCOUNTS RECEIVABLE

Aging	2024.6.30 RMB (unaudited)			Net book value
	Carrying Amount	Proportion %	Credit loss allowance	
Within 1 year	913,894,944	81	931,764	912,963,180
1-2 years	138,344,100	12	5,460,028	132,884,072
2-3 years	18,021,483	1	3,041,360	14,980,123
3-4 years	7,294,584	1	2,637,974	4,656,610
4-5 years	8,250,003	1	3,277,278	4,972,725
Over 5 years	48,141,233	4	46,852,618	1,288,615
Total	<u>1,133,946,347</u>	<u>100</u>	<u>62,201,022</u>	<u>1,071,745,325</u>

### 4. ACCOUNTS PAYABLE

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

Item	2024.6.30 RMB (unaudited)	2023.12.31 RMB (audited)
	Within 1 year	477,586,899
1 to 2 years	13,111,479	14,398,689
2 to 3 years	9,078,476	5,641,108
Above 3 years	<u>11,326,868</u>	<u>8,511,700</u>
Total	<u>511,103,722</u>	<u>528,664,977</u>

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

## 5. UNDISTRIBUTED PROFITS

Item	Six months ended	Six months ended
	30 June 2024	30 June 2023
	RMB	RMB
	(unaudited)	(unaudited)
Undistributed profits at the beginning of the period	299,762,295	376,050,511
Add: Net profit attributable to the shareholders of the parent company for the period	(91,561,995)	(48,579,117)
Less: Ordinary shares' dividends payable	—	—
Undistributed profit at the end of the period	<u>208,200,300</u>	<u>327,471,394</u>

### Dividend

A final dividend of RMB0 per share, in respect of year ended at 31 December 2023 (the last corresponding period: RMB0 per share in respect of the year ended at 31 December 2022) was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid for the year ended 31 December 2023 was RMB0 (the last corresponding period: RMB0).

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2024 (the last corresponding period: nil).

## 6. OPERATING INCOME AND OPERATING COST

### (1) Operating income and operating cost

Item	Six months ended		Six months ended	
	30 June 2024		30 June 2023	
	RMB		RMB	
	(unaudited)		(unaudited)	
	Income	Cost	Income	Cost
Principal operating	4,418,443,343	4,079,117,793	4,141,055,856	3,629,579,404
Other operating	<u>544,002,819</u>	<u>14,508,059</u>	<u>441,384,376</u>	<u>14,885,636</u>
Total	<u>4,962,446,162</u>	<u>4,093,625,852</u>	<u>4,582,440,232</u>	<u>3,644,465,040</u>



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

Item	Six months ended 30 June 2024 RMB (unaudited)		Six months ended 30 June 2023 RMB (unaudited)	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Retail	1,362,551,512	1,154,135,307	1,597,403,595	1,363,164,412
Wholesale	3,054,007,203	2,923,596,771	2,532,098,310	2,259,710,687
Others	1,884,628	1,385,715	11,553,951	6,704,305
Total	<u>4,418,443,343</u>	<u>4,079,117,793</u>	<u>4,141,055,856</u>	<u>3,629,579,404</u>

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

7. INCOME TAX EXPENSE

Item	Six months ended 30 June 2024 RMB (unaudited)	Six months ended 30 June 2023 RMB (unaudited)
	Current income tax expense	16,862,376
Deferred income tax expense	<u>(13,181,085)</u>	<u>4,957,688</u>
Total	<u>3,681,291</u>	<u>30,793,896</u>

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

<b>Item</b>	<b>Six months ended 30 June 2024 RMB (unaudited)</b>	Six months ended 30 June 2023 RMB (unaudited)
Total profit	<b>(82,055,344)</b>	(6,987,797)
Income tax expenses calculated at statutory/appropriate tax rate	<b>(20,513,836)</b>	(1,746,949)
Effect of subsidiary companies to adapt different tax rates	<b>436,720</b>	(268,591)
Effect of adjusting the previous years' income tax	<b>(239,556)</b>	(1,738,382)
Effect of non-taxable income	-	-
Effect of non-deductible costs, expenses and losses	<b>3,753,715</b>	1,937,022
Effect of using deductible losses of previously unrecognized deferred tax assets	<b>(2,404,829)</b>	(429,068)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	<b>22,649,077</b>	33,039,864
Total	<b><u>3,681,291</u></b>	<b><u>30,793,896</u></b>

## 8. EARNINGS PER SHARE

<b>Item</b>	<b>Six months ended 30 June 2024 RMB (unaudited)</b>	Six months ended 30 June 2023 RMB (unaudited)
Net Profit for the period attributable to shareholders of the parent company	<b>(91,561,995)</b>	(48,579,117)
Number of ordinary shares used in the calculation of basic earnings per share	<b><u>412,220,000</u></b>	<b><u>412,220,000</u></b>

<b>Item</b>	<b>Six months ended 30 June 2024 RMB (Unaudited)</b>	Six months ended 30 June 2023 RMB (Unaudited)
Calculated based on the net profit attributable to ordinary shareholders of the parent company:		
Basic earnings per share	<b><u>(0.22)</u></b>	<b><u>(0.12)</u></b>

**9. NET CURRENT ASSETS**

<b>Item</b>	<b>2024.6.30</b> <b>RMB</b> <b>(unaudited)</b>	2023.12.31 <b>RMB</b> (audited)
Current assets	<b>4,501,146,632</b>	4,947,950,438
Less: Current liabilities	<b>4,507,687,289</b>	<u>4,826,017,295</u>
Net current assets/(liabilities)	<b><u>(6,540,657)</u></b>	<u>121,933,143</u>

**10. TOTAL ASSETS LESS CURRENT LIABILITIES**

<b>Item</b>	<b>2024.6.30</b> <b>RMB</b> <b>(unaudited)</b>	2023.12.31 <b>RMB</b> (audited)
Total assets	<b>7,013,376,861</b>	7,132,044,691
Less: Current liabilities	<b>4,507,687,289</b>	<u>4,826,017,295</u>
Total assets less current liabilities	<b><u>2,505,689,572</u></b>	<u>2,306,027,396</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

In the first half of 2024, the significant rise in complexity and uncertainty of the international environment, and the continuous deepening of domestic economic structural adjustment had brought new challenges to economic development. In such complex environment, various regions and divisions steadily promoted the implementation of policies on expanding domestic demand and boosting consumption, and the scale of the domestic consumer market continued to grow. During the Reporting Period, total retail sales of consumer goods amounted to RMB23,596.9 billion, representing a year-on-year increase of 3.7%; excluding price factors, total retail sales of consumer goods increased by 3.9% in real terms. In particular, the retail sales of goods reached RMB20,972.6 billion, representing an increase of 3.2%. Overall, although the consumer market has maintained an overall growth trend, it is still necessary to consolidate the foundation for the recovery of the consumer market and further enhance people's ability to consume. Under the background of the traditional retail industry actively adapting to the new demand of consumption and expanding the market by relying on transformation and upgrading, the Group has focused on category management, operational strategy adjustment, and logistics service enhancement to "optimise inventory, expand the increment and stimulate the vitality", so as to inject powerful impetus into the high-quality development and promote the development of the Group in depth.

### Retail Business

The Group had 113 retail outlets as at 30 June 2024, including 104 directly-operated outlets and 9 franchise-operated outlets, with total net operating area of 162,618 square metres. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2024:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	1	9	44	50	104
Franchise-operated	–	–	–	9	9
Total	<u>1</u>	<u>9</u>	<u>44</u>	<u>59</u>	<u>113</u>
Net operating area (square metres):					
Directly-operated	27,800	45,235	78,368	8,944	160,347
Franchise-operated	–	–	–	2,271	2,271
Total	<u>27,800</u>	<u>45,235</u>	<u>78,368</u>	<u>11,215</u>	<u>162,618</u>

During the Reporting Period, no new retail outlets were set up, whereas four (4) supermarkets and 16 directly-operated convenience stores were closed due to the lease expiry and adjustment of the business strategy.

### **Deeply promoting the construction of purposeful categories**

During the Reporting Period, the Group continued to strengthen the refined management of purposeful categories, and constantly explored new paths for improvement with the purpose of “freshness, good taste and high cost effectiveness”. On the basis of determining “vegetables, fruits, meat, and eggs” as the purposeful categories, each store locked the origin and procurement standards of vegetables, and focused on the operation of “hot sellers” with high cost effectiveness and high quality-price ratio; focused on the development of mid-end to high-end fruit varieties, promoted agricultural products with geographical indications, and made efforts in the “intensive processing” of fruits and vegetables, providing additional services such as peeling and fresh cutting; implemented the self-operated strategy of smaller packaging of pork and built a complete system of “self-procurement, self-processing, self-delivery, self-sales, and self-established standards” of Jingkelong to reshape the brand image of meat; continuously improved egg freshness, accelerated the turnover, and introduced special egg products to meet the needs of customers with diverse tastes. Through various initiatives, the Group continued to strengthen the stability of commodity quality and the diversity of commodity mix, promoted the business strategy of its purposeful categories, and achieved the improvement of operational efficiency and the enhancement of brand-building capabilities.

### **Promoting the implementation of the self-operated on-site production and sales**

The operation of the on-site production and sales has highly stimulated the vitality of the stores and won the recognition from consumers. During the Reporting Period, the Group was committed to fostering the scenarios of “Neighborhood Kitchen” of Jingkelong, releasing diversified consumption demand, and providing highly adaptable on-site production and sales services while operating traditional on-site production and sales items; launched highlight items such as kebab, fried foods, and spicy hot pot, bringing new profit growth points for stores; continuously strengthened the management level of on-site production and sales, prepared standard work instructions, and standardized operating procedures; each store introduced capable employees and independently developed marketable products to continuously attract customers and enhance their stickiness. The Group responded positively, proactively sought changes and promoted the implementation of on-site production and sales in a planned manner, achieving good results from various initiatives.

## **Putting more efforts on the development of membership products**

During the Reporting Period, the Group systematically adjusted its membership strategy, rebuilt the Jingkelong membership product system, and improved the capability for vigorous development. The purpose of membership products is to effectively transfer profits to consumers. Thus, based on the three indicators of sales, gross profit, and penetration rate, while taking into account the principles of category coverage and differentiation at the same time, the Group launched more than 200 membership products, covering more than 140 subcategories during the Reporting Period, and introduced new products in a targeted manner to continuously increase the number of membership products; empowered by technologies, improved the data centre, visualized the sales reports of membership products, scientifically improved the accuracy of membership product replenishment, and provided application support for business decisions; expanded the coverage of membership policies, and simultaneously launched membership products with favorable discounts in community stores to cultivate consumption stickiness and trust among customer groups. Since the launch of membership products, the number and amount of member transactions have increased compared with the same period last year. The “membership engine” has achieved remarkable results with a significant customer attractiveness.

## **Continuously strengthening food safety management**

During the Reporting Period, the Group continued to strengthen food safety management, refined the content of the list of potential risk identification, regularly summarized food safety issues, and enhanced employees’ awareness of food safety responsibilities; continued to implement the daily control, weekly investigation, and monthly scheduling mechanism, strictly performed self-inspection, and ensured that the source, storage and sales of food met safety standards; regularly organized food safety training for all employees, analyzed key food safety issues and food safety accident cases that the public was more concerned about, and strengthened food safety warning education; further strengthened the food safety management standards for on-site production and sales, and strengthened the top-level design of the system to cater for new business industries and new fields. The Group has always put food quality and safety at the first place to ensure the basic management of food safety.

## Focusing on logistics and distribution to reduce costs and enhance efficiency

During the Reporting Period, the Group actively improved its logistics and distribution functions to improve transportation efficiency. The normal temperature distribution centre optimized the picking process of full-category products, reduced the operational process, and rationally arranged the logistics routes; the fresh food distribution centre tapped the internal potentials, supervised the entire process of cold chain distribution, and improved the quality of services to suppliers and transportation partners. The two distribution centers refined the labor-division, emphasized on the fully performance of duties in key positions, effectively reduced logistics errors, delays and losses; developed differentiated distribution plans for workdays and holidays to ensure the logistics supply and overcome the bottleneck and congestion of logistics at the peak time of holidays. The operating costs and transportation rates of the two distribution centers have been significantly reduced, and the coordination ability and service level have been significantly improved, helping the stores to enhance the efficiency of their operations.

## RETAIL OPERATING RESULTS

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

	For the six months ended 30 June		
	2024	2023	Variance
	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Directly-operated retail outlets:</b>			
Hypermarkets	394,558	464,025	(15.0%)
Supermarkets	869,689	1,014,946	(14.3%)
Convenience stores	98,305	118,430	(17.0%)
Department stores	–	2	(100.0%)
(including commissions)	–	2	(100.0%)
<b>Total retail principal operating income</b>	<b>1,362,552</b>	<b>1,597,403</b>	<b>(14.7%)</b>
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	<b>15.3</b>	<b>14.7</b>	<b>0.6p.p</b>

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 14.7% mainly due to the following reason: since the end of June 2023, one (1) hypermarket, six (6) supermarkets and nineteen (19) convenience stores have been closed due to reasons such as lease expiry or adjustment of business strategy, resulting in a decrease in retail sales compared to the corresponding period in 2023.

During the Reporting Period, gross profit margin of the directly-operated retail business (excluding department stores) increased from 14.7% of the last corresponding period to 15.3%. The increase of gross profit margin is mainly due to product category optimization and adjustment in our directly-operated retail outlets.

## **WHOLESALE BUSINESS**

### **Accelerating the pace of high-quality business development**

During the Reporting Period, the Group increased its motivation, promoted reforms and accelerated the pace of high-quality development. By adhering to the business philosophy of “commodities+services”, the Group adjusted the full-category distribution strategy, jointly developed the daily distribution business of UHT milk in Beijing and Tianjin, consolidated the cooperation with key suppliers, and supplemented the operating shortages; strengthened the research and development of co-branded products, organized and participated in various types of exhibitions to deepen the exchange of experience and information sharing within the industry; further explored the commercial channels of supermarkets in Beijing and actively expanded the market outside the system, undertook third-party cold storage construction projects and cold chain equipment technical reform projects of supermarkets; developed group buying and centralized procurement business, and deepened cooperation with e-commerce platforms to meet market changes and overcome sales difficulties.

### **Improving the comprehensive logistics management capabilities**

During the Reporting Period, the Group continued to strengthen the reasonable layout of warehouse and the optimization of storage space, regularly analyzed business inventory and turnover, promptly adjusted storage space, dynamically presented the vacant area in the warehouses, and maximized the utilization rate of the warehouses; accelerated the integration of transportation resources, set up reasonable loading and transportation to improve the loading rate; flexibly scheduled the usage pattern of transport vehicles to achieve efficiency improvement; provided personalized customization services of logistics, grasped the core demands of customers, and improved service competitiveness and logistics profitability; launched a logistics and transportation management system to capture data from each step such as dispatching vehicles, loading, transportation and unloading, and achieve in-transit monitoring and real-time exception management, and realized digitized, informationalized and intelligent control of logistics transportation by adopting an algorithm of intelligent decision, strengthened logistics resource allocation, and consolidated the foundation for corporate development.



## WHOLESALE OPERATING RESULTS

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

	For the six months ended 30 June		
	2024	2023	Variance
	RMB'000	RMB'000	
Principal operating income recognised by Chaopi Group*	3,193,246	2,703,325	18.1%
Less: Intersegment sales	<u>(139,239)</u>	<u>(171,227)</u>	<u>(18.7%)</u>
<b>Consolidated wholesale principal operating income</b>	<b><u>3,054,007</u></b>	<b><u>2,532,098</u></b>	<b><u>20.6%</u></b>
<b>Gross profit margin** (%)</b>	<b><u>4.1</u></b>	<b><u>10.0</u></b>	<b><u>(5.9p.p)</u></b>

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

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

During the Reporting Period, the wholesale principal operating income increased by 20.6%, which was mainly due to the following reasons: (i) the sales of liquor and wine increased due to our effort in obtaining sufficient supply and effective marketing activities; and (ii) the expansion of cross-border e-commerce business, leading to sales growth.

During the Reporting Period, the gross profit margin of Chaopi Group was 4.1%, whereas that of the last corresponding period was 10.0%. The decrease was mainly due to the following reasons: (i) as affected by the overall market environment, the selling price of alcohol has dropped significantly, resulting in a decrease in gross profit margin; and (ii) as influenced by the overall market environment during the Reporting Period, the sales of traditional channel were not optimistic, and more low-price promotions led to a decrease in gross profit margin.

## FINANCIAL RESULTS

	For the six months ended 30 June		
	2024	2023	Variance
	RMB'000	RMB'000	
Principal operating income	4,418,443	4,141,056	6.7%
Gross profit	339,326	511,476	(33.7%)
Gross profit margin (%)	7.7%	12.4%	(4.7p.p)
Earnings before interest and tax	(25,055)	49,948	(150.2%)
Net profit	(85,737)	(37,782)	(126.9%)
Net profit margin (%)	(1.9%)	(0.9%)	(1.0p.p)
Net profit attributable to shareholders of the parent company	(91,562)	(48,579)	(88.5%)
Net profit margin attributable to shareholders of the parent company (%)	<u>(2.1%)</u>	<u>(1.2%)</u>	<u>(0.9p.p)</u>

### PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income increased by approximately 6.7%, of which retail principal operating income decreased by approximately 14.7%, and wholesale principal operating income increased by approximately 20.6%.

### GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group decreased by approximately 33.7% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 7.7% (last corresponding period: 12.4%).

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

During the Reporting Period, net profit attributable to shareholders of the parent company decreased by approximately 88.5% compared with the last corresponding period. The earnings before interest and tax amounted to RMB-25,055,126, representing a decrease of RMB75,002,668 compared with the last corresponding period, and the net profit attributable to shareholders of the parent company decreased from RMB-48,579,117 of the last corresponding period to RMB-91,561,995, which was mainly due to the following reason: during the six months ended 30 June 2024, the Group's lease costs increased significantly as a result of significant rental upward adjustment by major lessors, Chaofu, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.\* (北京弘朝偉業國有資產經營有限責任公司) and Beijing Jin Chaoyang State-owned Capital Operation Management Co., Ltd.\* (北京金朝陽國有資本運營管理有限公司).

## **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 2024, the Group had non-current assets of RMB2,512,230,229 (comprising mainly fixed assets, investment property, and land use right for a total of RMB1,057,060,005), and non-current liabilities of RMB818,133,684 (mainly comprising of leases liabilities of RMB793,592,221).

As at 30 June 2024, the Group had current assets of RMB4,501,146,632. Current assets mainly comprised of cash and cash equivalents of RMB583,581,885, inventories of RMB1,559,331,775, notes receivable and accounts receivable of RMB1,071,745,325 and prepayments and other receivables of RMB978,460,522. The Group had current liabilities of RMB4,507,687,289. Current liabilities mainly comprised of notes payable and accounts payable of RMB803,251,410, short term bank loans of RMB2,563,594,879, contract liabilities of RMB454,749,119, and other payables of RMB352,753,655.

## **INDEBTEDNESS AND PLEDGE OF ASSETS**

As at 30 June 2024, the Group had bank loans of RMB2,563,594,879, which consisted of accounts receivable factored bank loans of RMB4,189,942, unsecured bank loans of RMB2,522,329,962, and pledged loans of RMB37,074,975. All the Group's bank loans bear interest rates ranging from 2.65% to 6.84% per annum.

Certain of the Group's margin deposit of RMB49,250,994 were pledged for notes payable of RMB292,147,688 as at 30 June 2024.

The Group's gearing ratio\* was approximately 75.9% as at 30 June 2024, which was slightly higher than approximately 75.1% in the last corresponding period.

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

## **FOREIGN CURRENCY RISK**

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

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

## EMPLOYEES

As at 30 June 2024, the Group employed 4,260 employees domestically (as at 30 June 2023: 4,382 employees). The total staffing costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to RMB323,702,437 (corresponding period of 2023: RMB365,471,997). The staff emoluments (including directors' and supervisors' emoluments) of the Group are based on position, duty, experience, performance and market rates, in order to maintain their remunerations at a competitive level.

## CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

## LITIGATION

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

## **OUTLOOK**

In the second half of 2024, the Group will continue to seek breakthroughs in reform and innovation, making simultaneous efforts to “reduce costs” and “enhance efficiency”, and injecting strong impetus into corporate development.

In terms of retail business: the Group will focus on the refinement of purposeful categories, extend the depth of categories, and create product differentiation; continuously optimize the operation strategies of stores and enhance customers’ shopping experience; seize the opportunity of “silver economy” to build elderly-friendly supermarkets; and constantly improve the membership management system to further enhance operational capabilities and customer attractiveness.

In terms of wholesale business: the Group will continue to uphold the full-category product distribution strategy to expand the market and business scope; insist on empowering the traditional wholesale industry through digitization, and put more efforts on Internet sales and electronic logistics and transportation management; insist on improving third-party logistics value-added services, and take multiple measures to enhance the corporate brand value.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## OTHER INFORMATION

### Corporate Governance

In the opinion of the directors, the Company has applied the principles of and complied with all the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) during the Reporting Period, save for the directors’ retirement by rotation as set out below.

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

### Director’s Securities Transactions

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 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 code of conduct regarding their securities transactions throughout the Reporting Period.

## **Audit Committee**

The Audit Committee together with the management of the Company and the independent auditor have considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting, including the review of the Group's 2024 unaudited interim consolidated results. The Audit Committee considered that this interim results announcement for the six months ended 30 June 2024 was in compliance with the relevant accounting standards, requirements of the Stock Exchange and the Laws of Hong Kong, and appropriate disclosures have been made.

## **Disclosure of Interests**

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

As at 30 June 2024, the interests and positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Listing Rules, were as follows:

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

<b>Name</b>	<b>Capacity</b>	<b>Number of domestic shares held</b>	<b>Approximate percentage of total issued domestic shares (%)</b>	<b>Approximate percentage of total issued shares (%)</b>
Zhang Liwei	Personal	400,100	0.17	0.10
Wang Hong	Personal	186,696	0.08	0.05
Li Shenlin*	Personal	400,000	0.17	0.10
Li Jianwen	Personal	2,022,579	0.88	0.49
Zhang Hongbo	Personal	100,000	0.04	0.02
Yang Baoqun**	Personal	1,042,086	0.45	0.25
Niu Hongyan**	Personal	70,000	0.03	0.02
Li Chunyi**	Personal	50,000	0.02	0.01

\* *Li Shenlin resigned as an executive Director on 12 January 2024.*

\*\* *The Company no longer set up a supervisory committee and all of the supervisors resigned as supervisors of the Company accordingly with effect from 1 July 2024. Please refer to the Company's announcement of 28 June 2024 for further details.*

Save as disclosed above, as at 30 June 2024, none of the directors, supervisors or chief executive of the Company nor any of their associates had any interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Listing Rules.

### **Substantial Shareholders**

As at 30 June 2024, so far as is known to the directors, supervisors or chief executive of the Company, the persons (other than a director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:



*Long positions in the domestic shares of the Company*

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

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

*Long positions in the H shares of the Company*

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

(L) – Long Position

Note:

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

Save as disclosed above, as far as is known to the directors, supervisors or chief executive of the Company, as at 30 June 2024, no other persons (not being a director, supervisor or chief executive of the Company) had, or were deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

During the Reporting Period, the Company did not have 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.

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

Beijing, PRC  
30 August 2024

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