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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023, PROPOSED CHANGE OF AUDITOR AND PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION

The board of directors (the "**Board**") of Beijing Jingkelong Company Limited (the "**Company**" or "**Jingkelong**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**").

(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

	Notes	2023.12.31 RMB (Audited)	2022.12.31 RMB (Audited)
Current Assets:			
Cash and bank balances		**965,738,836**	890,618,687
Notes receivable		**–**	1,004,300
Accounts receivable	*4*	**984,080,370**	1,014,114,292
Prepayments		**1,006,417,128**	1,022,670,499
Other receivables		**155,398,786**	169,850,426
Inventories		**1,614,980,748**	1,596,827,988
Non current assets due within one year		**38,552,635**	–
Other current assets		**182,781,935**	169,238,077
Total current assets		**4,947,950,438**	4,864,324,269
Non-current assets:			
Other equity instrument investment		**43,000,000**	43,000,000
Other non-current financial assets		**56,536,513**	72,026,699
Investment properties		**144,411,117**	152,842,214
Fixed assets		**711,768,288**	786,775,909
Construction in progress		**126,502,959**	110,406,206
Right-of-use assets		**532,032,693**	763,621,890
Intangible assets		**261,538,696**	274,403,617
Goodwill		**86,673,788**	86,673,788
Long-term prepaid expenses		**110,094,722**	176,114,532
Deferred tax assets		**20,521,646**	29,199,728
Other non-current assets		**91,013,831**	134,553,384
Non-current assets		**2,184,094,253**	2,629,617,967
TOTAL ASSETS		**7,132,044,691**	7,493,942,236

CONSOLIDATED BALANCE SHEET

	Notes	**2023.12.31**	2022.12.31
		RMB	*RMB*
		(Audited)	(Audited)
Current Liabilities:			
Short-term borrowings		**3,148,009,496**	2,213,490,330
Notes payable		**301,955,528**	846,578,955
Accounts payable	*5*	**528,664,977**	857,203,456
Advance payment		**9,412,156**	10,860,356
Contract liabilities		**312,190,012**	406,071,621
Payroll payable		**1,571,356**	1,713,302
Taxes payable		**48,080,384**	48,905,387
Other payables		**267,363,145**	199,841,555
Including: Interest payable		**–**	–
Dividends payable		**5,716,728**	6,956,028
Non-current liabilities due within one year		**157,491,015**	189,705,641
Other current liabilities		**51,279,226**	69,442,163
Total current liabilities		**4,826,017,295**	4,843,812,766
Non-current liabilities:			
Lease liabilities		**445,145,916**	670,592,637
Estimated liabilities		**–**	10,018,930
Deferred income		**15,437,674**	21,830,069
Deferred tax liabilities		**12,576,069**	16,793,479
Total non-current liabilities		**473,159,659**	719,235,115
TOTAL LIABILITIES		**5,299,176,954**	5,563,047,881

CONSOLIDATED BALANCE SHEET

	Notes	**2023.12.31** ***RMB*** **(Audited)**	2022.12.31 *RMB* (Audited)
SHAREHOLDERS' EQUITY			
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	*6*	**299,762,295**	376,050,511
Total equity attributable to shareholders of the parent company		**1,486,219,629**	1,562,507,845
Minority interests		**346,648,108**	368,386,510
TOTAL SHAREHOLDERS' EQUITY		**1,832,867,737**	1,930,894,355
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		**7,132,044,691**	7,493,942,236

CONSOLIDATED INCOME STATEMENT

	Notes	2023 RMB (Audited)	2022 RMB (Audited)
I. Total operating income	*7*	**9,467,889,370**	9,541,354,189
Including: Operating income		**9,467,889,370**	9,541,354,189
II. Total operating costs	*7*	**9,453,005,339**	9,539,946,608
Including: Operating costs		**7,536,296,139**	7,494,516,539
Tax and surcharges		**34,689,764**	33,375,835
Selling expenses		**1,488,083,098**	1,599,853,457
Administrative expenses		**281,647,111**	283,268,707
Financial expenses		**112,289,227**	128,932,070
Add: Other income		**13,939,455**	13,986,027
Investment income		**1,434,309**	13,789,674
Gains on changes in fair value		**(15,490,186)**	(31,168,457)
Impairment losses on credits		**(17,667,019)**	(8,632,574)
Gains on disposal of assets		**16,373,628**	19,549,060
III. Operating profit		**13,474,218**	8,931,311
Add: Non-operating income		**30,136,036**	7,082,628
Less: Non-operating expenses		**38,444,199**	39,643,535
IV. Total profit		**5,166,055**	(23,629,596)
Less: Income tax expenses	*8*	**57,906,328**	41,408,956
V. Net profit		**(52,740,273)**	(65,038,552)
(I) Classified by business continuity			
1. Net profit from continued operations		**(52,740,273)**	(65,038,552)
2. Net profit from discontinued operations		**–**	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		**(75,675,109)**	(92,551,280)
2. Profit or loss attributable to minority interests		**22,934,836**	27,512,728
VI. Net value of other comprehensive income after tax		**–**	–
Net value of other comprehensive income attributable to shareholders of the parent company after tax		**–**	–
Other comprehensive income that cannot be reclassified into profit or loss subsequently		**–**	–
Changes in fair value of other equity instrument investments		**–**	–
Net value of other comprehensive income attributable to minority of interests after tax		**–**	–
VII. Total comprehensive income		**(52,740,273)**	(65,038,552)
Total comprehensive income attributable to shareholders of the parent company		**(75,675,109)**	(92,551,280)
Total comprehensive income attributable to minority interests		**22,934,836**	27,512,728
VIII. Earnings per share			
(I) Basic earnings per share	*9*	**(0.18)**	(0.22)
(II) Dilutive earnings per share		**N/A**	N/A

Notes:

1. GENERAL INFORMATION

Beijing Jingkelong Company Limited (the "**Company**") is a joint stock limited company incorporated in the People's Republic of China (the "**PRC**"). On 1 November 2004, upon 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 (the "**Beijing Jingkelong Supermarket Chain Company Limited**" before renamed) and the registered capital of the Company was RMB412,220,000. The Company's unified social code is 91110000101782670P. The registered office and the principal place of business of the Company is located at Block No. 45, Xinyuan Street, Chaoyang District, Beijing. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the retail and wholesale distribution of daily consumer products.

On 25 September 2006, the Company was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**SEHK**") through the issue of H shares. On 26 February 2008, all the ordinary H shares of the Company were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares as at 31 December 2023.

The controlling shareholder of the Company is Beijing Chaofu State-owned Assets Administration Company Limited (the "**Chaofu Company**") (formerly known as "**Beijing Chaoyang Auxiliary Food Company**" before renamed), an enterprise established in the PRC.

2. BASIS OF PREPARATION

The financial statements are presented on a going concern basis. The financial statements are prepared, confirmed and measured based on the actual transactions and events and in accordance with "Accounting Standards for Business Enterprises-Basic Standard", implementation guidelines and explanations of enterprise accounting standards and those updated afterwards (Hereafter collectively referred to as "**ASBE**"), and in addition to the foregoing, the provisions of the China Securities Regulatory Commission's "Rules for Information Disclosure and Reporting of Companies Issuing Securities to the Public No. 15 – General Provisions on Financial Reporting" (revised in 2023), and the disclosure requirements of the Company Ordinance (Cap. 622) of Hong Kong and the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

In accordance with Accounting Standards for Business Enterprises, the Group has adopted the accrual basis of accounting. Except for certain financial instruments, the Company adopts the historical cost as the principle of measurement in the financial statements. When assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

3. CHANGES IN ACCOUNTING POLICIES

1. Changes in accounting policies

Content and reasons for changes in accounting policies	Note
The Company has implemented the Accounting Standards for Business Enterprises Interpretation No. 16 "The accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions is not applicable to the initial recognition exemption" from 1 January 2023, which was issued by the Ministry of Finance in 2022.	(1)

Explanation of changes in accounting policies:

(1) The impact of implementing Interpretation No. 16 (as defined below) of the Accounting Standards for Business Enterprises on the Company

On 30 November 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Business Enterprises (CaiKuai [2022] No. 31, hereinafter referred to as "**Interpretation No. 16**"). Interpretation No. 16 "The accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions is not applicable to the initial recognition exemption" has been implemented from 1 January 2023, which allows companies to implement ahead of schedule from the year of release. The Company has implemented the accounting treatment on this matter in this year.

For the lease liabilities and right-of-use assets recognized at the beginning of the earliest period of financial statement presentation in the first implementation of Interpretation No. 16 (i.e. 1 January 2022) due to the application of Interpretation No. 16 single transactions, as well as the estimated liabilities and corresponding assets related to disposal obligations recognized, which generate taxable temporary differences and deductible temporary differences, the Company shall comply with the provisions of Interpretation No. 16 and Enterprise Accounting Standards No. 18 – Income Tax and adjust the retained earnings and other related financial statement items at the beginning of the earliest period (i.e. 1 January 2022) in the financial statements by the accumulated impact amount.

According to the relevant provisions of Interpretation No. 16, the cumulative impact of the Company on financial statement related items is adjusted as follows:

		2022.1.1 ***RMB*** **(Audited)**	
Item	**Amount before adjustment**	**Accumulated impact amount**	**Amount after adjustment**
Undistributed profits	487,060,672	2,152,119	489,212,791
Minority interest	393,255,538	806,736	394,062,274

For the lease liabilities and right-of-use assets recognized for individual transactions that occurred between the beginning of the financial statement presentation period (i.e. 1 January 2022) and the implementation date (1 January 2023) during which this interpretation was first implemented, as well as the estimated liabilities and corresponding assets related to the disposal obligation recognized, the Company shall handle them in accordance with the provisions of Interpretation 16.

According to the provisions of Interpretation No. 16, the Company has adjusted the relevant items on the balance sheet as follows:

Balance sheet item	Before	2022.12.31 *RMB* (Audited) Accumulated impact amount	After
Deferred tax assets	22,347,534	6,852,194	29,199,728
Deferred tax liabilities	16,278,917	514,562	16,793,479
Undistributed profits	370,378,977	5,671,534	376,050,511
Minority interests	367,720,412	666,098	368,386,510

According to the provisions of Interpretation No. 16, the Company has adjusted the relevant items in the income statement as follows:

	12 months ended 31 December 2022		
		RMB (Audited)	
Income statement item	**Before**	**Accumulated impact amount**	**After**
Income tax expense	44,787,732	(3,378,776)	41,408,956
Net profit attributable to shareholders of the parent company	(96,070,695)	3,519,415	(92,551,280)
Profit or loss attributable to minority interests	27,653,367	(140,640)	27,512,727

4. ACCOUNTS RECEIVABLE

Presentation of accounts receivable according to aging analysis on the basis of the date when revenue is recognized

		2023.12.31 *RMB* (Audited)		
Aging	**Carrying amount**	**Proportion%**	**Impairment losses on credits**	**Net book value**
Within 1 year	842,167,188	80	879,043	841,288,145
1-2 years	132,715,926	13	6,919,953	125,795,973
2-3 years	12,374,211	1	1,708,758	10,665,453
3-4 years	4,583,814	–	1,445,341	3,138,473
4-5 years	6,655,614	1	3,463,288	3,192,326
Over 5 years	47,355,917	5	47,355,917	–
Total	1,045,852,670	100	61,772,300	984,080,370

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

On 31 December 2023, the total accounts receivable due from MeetAll (美特好) amounted to RMB8,350,972 were restricted by being factored to secure certain bank loans of the Group.

Pursuant to the factoring agreement between the Group and Industrial and Commercial Bank of China Limited Taiyuan Jiefang Road Branch ("**ICBC**"), ICBC provides a bank loan for amount of not exceeding accounts receivable factoring to the Group. ICBC collected the entire amount of accounts receivable and is only required to pay the Group any amount it collects in excess of the loan amount. As the Group has not transferred specifically identifiable case flows, the Group cannot apply the derecognition model to part of the factored accounts receivable.

Since factored accounts receivable is on full recourses basis, the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognize the receivables and has recognized the cash received from the bank as accounts receivable secured loan.

On 31 December 2023 and 31 December 2022, there were no accounts receivable due from shareholders holding 5% (inclusive) or more of the Company's shares with voting right.

5. ACCOUNTS PAYABLE

Aging of accounts payable based on date of pick-up:

Item	**2023.12.31** *RMB* **(Audited)**	2022.12.31 *RMB* (Audited)
Within 1 year	**500,113,480**	830,347,926
1-2 years	**14,398,689**	8,037,613
2-3 years	**5,641,108**	7,459,344
Over 3 years	**8,511,700**	11,358,573
Total	**528,664,977**	857,203,456

The majority of accounts payable aging over 1 year consist of the final payments for suppliers. There was no accounts payable due to shareholders holding 5% or more of the Company's shares with voting power.

6. UNDISTRIBUTED PROFITS

Item	Amount *RMB*	Proportion of appropriation
For the year ended at 31 December 2023 (Audited)		
Undistributed profits at the beginning of year	376,050,511	
Add: Net profit attributable to the shareholders of the parent company for the year	(75,675,109)	
Less: Appropriation to statutory surplus reserve	–	10%
Ordinary shares' dividends payable	–	
Other	613,107	
Undistributed profits at the end of the year	299,762,295	
For the year ended at 31 December 2022 (Audited)		
Undistributed profits at the beginning of year before adjustment	487,060,672	
Adjusting the total undistributed profits at the beginning of the year	2,152,119	
Undistributed profits at the beginning of the year after adjustment	489,212,791	
Add: Net profit attributable to the shareholders of the parent company for the year	(92,551,280)	
Less: Appropriation to statutory surplus reserve	–	10%
Ordinary shares' dividends payable	20,611,000	
Other	–	
Undistributed profits at the end of the year	376,050,511	

(1) Cash dividend approved and subject to be approved in the annual general meeting

Pursuant to the ordinary resolutions passed at the 2022 annual general meeting held on 17 May 2023, no final dividend in respect of year ended 31 December 2022 was declared.

Pursuant to the ordinary resolutions passed at the 2021 annual general meeting held on 13 May 2022, a final dividend of RMB0.05 per share in respect of year ended 31 December 2021 was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB20,611,000.

As the net profit (loss) attributable to the shareholders of the parent company for the Reporting Period was RMB(75,675,109), on 26 March 2024, the Board of the Company proposed not to pay a final dividend to its shareholders, which means there will be no cash dividend distribution, nor will the capital reserves be capitalized or other forms of distribution be made in respect of the year ended 31 December 2023 in order to ensure the continuous and stable operation and the long-term interest of the shareholders of the Company, after taking into account the operation plans and capital needs of the Company in 2024. The above proposal of not distributing a final dividend is subject to the consideration and approval at the upcoming 2023 annual general meeting of the Company to be held on 28 June 2024.

(2) Surplus reserves of subsidiaries

On 31 December 2023, the undistributed profits of the Group included surplus reserves of subsidies totaling in the period RMB17,056,040 (31 December 2022: RMB19,457,101).

7. OPERATING INCOME AND OPERATING COST

(1) Operating income and operating cost

Item	**2023 *RMB* (Audited) Income**	**Cost**	2022 *RMB* (Audited) Income	Cost
Principal operating	**8,491,153,613**	**7,497,601,507**	8,661,081,792	7,460,838,561
Other operating	**976,735,757**	**38,694,632**	880,272,397	33,677,978
Total	**9,467,889,370**	**7,536,296,139**	9,541,354,189	7,494,516,539

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

Item	**2023 *RMB* (Audited) Principal operating income**	**Principal operating cost**	2022 *RMB* (Audited) Principal operating income	Principal operating cost
Retail	**2,977,312,943**	**2,514,597,839**	3,398,362,021	2,819,066,691
Wholesale	**5,495,746,039**	**4,972,587,291**	5,245,553,833	4,630,150,734
Others	**18,094,631**	**10,416,377**	17,165,938	11,621,136
Total	**8,491,153,613**	**7,497,601,507**	8,661,081,792	7,460,838,561

The principal operating income mainly consists of sales of food, non-staple food, daily consumer goods, beverage and wine, etc.

8. INCOME TAX EXPENSES

(1) Details of income tax expenses

Item	**2023** *RMB* **(Audited)**	2022 *RMB* (Audited)
Current income tax expense	**53,445,658**	51,695,078
Deferred income tax expense	**4,460,670**	(10,286,122)
Total	**57,906,328**	41,408,956

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

Item	**2023** *RMB* **(Audited)**	2022 *RMB* (Audited)
Total profit	**5,166,055**	(23,629,596)
Income tax expenses calculated at statutory/applicable tax rate	**1,291,514**	(5,907,399)
Effect of subsidiary companies adopting different tax rates	**(205,945)**	1,051,717
Effect of adjusting the previous years' income tax	**(1,239,616)**	(373,235)
Effect of non-taxable income	**–**	(358,457)
Effect of non-deductible costs, expenses and losses	**6,694,215**	2,822,156
Effect of using deductible losses of previously unrecognized deferred tax assets	**(1,308,802)**	(12,148,101)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets	**52,674,962**	56,322,275
Total	**57,906,328**	41,408,956

9. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

While calculating basic earnings per share, net profit attributable to ordinary shareholders for the current year is as follows:

Item	**2023** *RMB* **(Audited)**	2022 *RMB* (Audited)
Net profit attributable to ordinary shareholders for the current year	**(75,675,109)**	(92,551,280)
Including: Net profit from continuing operations	**(75,675,109)**	(92,551,280)

While calculating basic earnings per share, the denominator is the weighted average number of ordinary shares outstanding and its calculation process is as follows:

Item	**2023** ***RMB*** **(Audited)**	2022 *RMB* (Audited)
Number of ordinary shares outstanding	**412,220,000**	412,220,000

Earnings per share

Item	**2023** ***RMB*** **(Audited)**	2022 *RMB* (Audited)
Calculated based on net profit and net profit from continuing operations attributable to shareholders of the parent company		
Basic earnings per share	**(0.18)**	(0.22)
Diluted earnings per share	**N/A**	N/A

As at the balance sheet date, the Company had no dilutive potential ordinary shares.

10. NET CURRENT ASSETS

Item	**2023.12.31** ***RMB*** **(Audited)**	2022.12.31 *RMB* (Audited)
Current assets	**4,947,950,438**	4,864,324,269
Less: Current liabilities	**4,826,017,295**	4,843,812,766
Net current assets	**121,933,143**	20,511,503

11. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	**2023.12.31** ***RMB*** **(Audited)**	2022.12.31 *RMB* (Audited)
Total assets	**7,132,044,691**	7,493,942,236
Less: Current liabilities	**4,826,017,295**	4,843,812,766
Total assets less current liabilities	**2,306,027,396**	2,650,129,470

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2023, along with full recovery and normalisation of China's society and economy, consumption promotional policies gained strong effects, consumption potentials were released continuously, various regions carefully implemented the consumption boosting measures initiated by the central government, made efforts in expanding domestic demands, optimised structure, and the economy and the market demand have been improving, and the consumption sector kept stable prices in general. According to the data published by National Bureau of Statistics of China, in 2023, the per capita consumption expenditure of residents nationwide reached RMB26,796, representing a nominal increase of 9.2% year on year, and a real increase of 9.0% after deducting price factors, and the recovery of consumption expenditure accelerated. In 2023, the total retail sales value of consumer goods reached RMB47,149.5 billion, representing a year-on-year increase of 7.2%, but based on the categories of retail, the retail sales value of supermarkets segment decreased by 0.4% year on year, indicating that for the traditional wholesale and retail industry, the development environment and competitive pressure were still not optimistic. The Group continues to look for new economic growth points and strives to find a way out of the difficult situation through various initiatives such as continuous promotion of category management, continuous improvement of store operation level, digital and intelligent empowerment, and strengthening online and offline integration.

RETAIL BUSINESS

The total number of the Group's retail outlets was 133 as at 31 December 2023. The following table sets out the number and net operating area of the Group's retail outlets as at 31 December 2023:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	1	9	48	66	124
Franchise-operated	–	–	–	9	9
Total	**1**	**9**	**48**	**75**	**133**
Net operating area (square metres):					
Directly-operated	27,800	45,235	83,619	12,106	168,760
Franchise-operated	–	–	–	2,271	2,271
Total	**27,800**	**45,235**	**83,619**	**14,377**	**171,031**

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

Category Management Based on Consumer Demands

During the Reporting Period, the Group adhered to the focus on consumer demand and redefined the product categories and display categories with the mindset of grocery management. The Group carried out five rounds of training successively, and completed the planning of 10 categories such as cooked food, beverages, beer, and biscuits. For the purpose of "freshness, good taste, high cost effectiveness", the Group built vegetables, fruits and egg products into "purposeful categories". The Group monthly published the fruit/vegetable business plans, to effectively guide stores to operate; the vegetable category adhered to full chain, full process management, to reduce loss and shorten turnover days; the fruit category enlarged and strengthened seasonal best sellers; egg category introduced freshness management concept, maintaining sales of 7-day bulk eggs and 20-day boxed eggs.

Making on Site for Promotion and Enhancing the Atmosphere of the Stores

During the Reporting Period, in order to solve the pain points of the operation and make up for operational deficiencies, the Group worked with a third party with rich technical and operational experience in on-site production projects, to launch a pilot project of on-site cooking and sales focusing on cooked food, pastry, light food and bean products. Through three months of operation, the Group basically completed the work of building a system, building a process, learning techniques, and leading a team, laying the foundation for the next step to promote the full implementation of the on-site cooking projects and build Jingkelong into a "neighborhood kitchen".

Promoting Marketing Innovation to Enhance Customer Experience

During the Reporting Period, the Group actively created consumption hotspots, carried out various forms of promotional activities, and continuously deepened the characteristic festival resources of "strong cultural flavour, rich atmosphere, trendiness", so as to fully stimulate new vitality of consumption. The Group increased the publicity and maintenance of new media platforms, and produced nearly 100 videos to promote the characteristics of products comprehensively. In the summer, the Group took advantage of the favorable conditions of the public square in front of large stores, launched weekend "night market" activity, and 29 stores extended their online business hours to meet the needs of consumers for night time consumption. With the cooperation of marketing, procurement, stores and other departments, sales and customer flow both turned better, boosting the market confidence, and winning supports and recognition from the majority of consumers.

Higher Operating Efficiency, Stronger Store Details Management

During the Reporting Period, the Group continued to promote a high degree of integration of the retail segment, with the integrated operation of comprehensive supermarket stores, community stores and Langfang stores, resulting in a significant improvement in operating results. The Group strengthened online business training, attached great importance to customer feedback, and improved the quality of online services; added the in-store inspection mode, with focus on weekend promotion goods, strong attraction products, and late business conditions. The Group enlarged investment in store publicity signs, display tables, tasting tables and other beauty display properties; promoted online display in food, daily chemical and other categories, improved category relevance, and optimised shelf resources. The Group further enhanced stores' awareness of "data and details" in operation and management, and effectively improved basic management level.

Store Upgrading and Rebuilding, Catering to Market Demand Changes

During the Reporting Period, the Group sped up the upgrading of stores and adaptability to market, for example, 37 comprehensive supermarket stores and 8 community stores completed layout adjustment, Shuanglong store, Tianshuiyuan store among other 7 stores underwent reconstruction without closing business. The Group built new tobacco/alcohol rooms in Jingyuan store and Wangjing store, as tobacco/alcohol boutique terminal demonstration stores, and gradually established Jingkelong "Tobacco & Alcohol Hub" shop of shop brand image. Jiulong Shopping Center upgrading and transformation project gained obvious effects, successfully introduced "Children Paradise Project", and promoted Jiulong Shopping Center to gradually grow into Beijing's number one children amusement venue, community family living room.

Digital and Intelligent Development, Enabling Corporate Upgrading and Transformation

During the Reporting Period, the Group optimised online collaborative office platform, realised the electronic execution of contract management, approval process and work tasks, to really make the inter-organisational collaboration more efficient, make the process more regulated, and make the information more transparent. The Group completed the group data middleware project construction, established big data platform with unified data source, connected group internal data islands, and completed business indicator system construction. The Group upgraded financial system, and realised the automation of financial/accounting system and the regulation and mobilisation of expense control system. The Group implemented a high-voltage power distribution monitoring project, launched an intelligent cleaning robot, and comprehensively promoted visual scales to improve quality and efficiency with technology empowerment.

Continuing Focus on Food Safety Management

Due to the high degree of social concern about food safety, the Group has continuously strengthened food safety management, ensured food quality and safety, and standardised supervision and governance. The Group strictly inspects the qualifications and commodity labels of suppliers, and strengthens the control of fresh meat and poultry channels through video inspections and on-site inspections of the factories. The Group strictly manages certificates and instruments, makes timely updates and early warnings to ensure the efficiency of the licenses and qualifications of the commodities in operation. The Group continues to strengthen the quality control and management of goods, strictly controls the quality of goods, strictly implements the acceptance standards, improves the food safety inspection mechanism, resolutely refuses substandard goods and strictly performs various control measures through regular self-inspection, irregular spot checks and cooperation with third-party testing institutions. The Group makes full use of the collaborative office platform and uses information tools to normalise and refine the “daily control”, “weekly inspection” and “monthly scheduling” of food safety, so as to improve the efficiency of supervision and management.

Operation results of retail business

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

	For the 12 months ended 31 December		
	2023	2022	Increase/
	RMB’000	*RMB’000*	(Decrease)
	(Audited)	(Audited)	
Retail business			
Hypermarkets	**855,152**	923,553	(7.4%)
Supermarkets	**1,889,557**	2,190,602	(13.7%)
Convenience stores	**232,602**	283,518	(18.0%)
Department stores	**2**	689	(99.7%)
(including commissions)	**–**	689	(100%)
Total retail principal operating income	**2,977,313**	3,398,362	(12.4%)
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**15.5%**	17.0%	(1.5%)

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 12.4%, which was mainly attributable to: (i) in 2022, due to the impact of epidemic prevention and control, consumers generally reserved purchases of daily necessities and reduced eating out, which led to the growth of supermarket business sales, with same-store sales increasing by about 6.26%. However, in 2023, domestic social and economic activities began to return to normal (including the recovery of catering consumption), resulting in a decline in customer flow in the Group's stores and in a decrease in the Group's store sales compared to 2022 with a decrease in same-store sales of approximately 13.82%; and (ii) due to lease expiration and business strategy adjustment, 8 supermarkets and 21 convenience stores have been closed since the beginning of 2022 and up to the present, resulting in a decline in sales.

The gross profit margin generated from the directly-operated retail business (excluding department stores) decreased slightly from approximately 17.0% in 2022 to approximately 15.5% in the Reporting Period, mainly because of changes in retail promotions that resulted in a decrease in gross margin.

WHOLESALE BUSINESS

Continuing Motivation

During the Reporting Period, the Group with high quality development as the mainline, implemented "goods+services" operational philosophy, enhanced operational management and risk control, continued to promote full category marketing strategy and incessantly expanded operating scope. The Group deeply drove the cooperation with key brands, greatly developed joint products, and sped up national sales pace; consolidated current channel base, developed collective procurement and group purchase, small shop and other new types of customer business, accelerated the channel expansion scope; promoted online-offline business development balancing, enhanced e-commerce platform cooperation, motivated business vitality and drove the high quality development of the Group with multiple measures.

Continuing Improvement of Logistic Services

During the Reporting Period, the Group fully drove the comprehensive logistic development, continuously enhanced logistic management efficiency, and promoted the visual operation of transport delivery; vigorously developed the "drop shipping" business, enlarged in-depth cooperation with existing customer channel resources, promoted the development of e-commerce warehouse projects, effectively integrated multiple resources, and highlighted logistics value-added services; the Group rationally allocated commodity storage in the reservoir area, improved the utilisation rate of warehouse area, continued to improve logistics services, and enhanced the competitiveness of the logistics market.

Operation results of wholesale business

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

	For the 12 months ended 31 December		
	2023	2022	Increase/
	RMB'000	*RMB'000*	(Decrease)
Wholesale principal operating income recognized by Chaopi Group*	**5,796,548**	5,587,535	3.7%
Less: Intersegment Sales	**(300,802)**	(343,853)	(12.5%)
Sales to franchisees	**–**	1,872	(100%)
Total wholesale principal operating income	**5,495,746**	5,245,554	4.8%
Gross profit margin **(%)	**9.0%**	11.0%	(2.0%)

* *Chaopi Group represents Beijing Chaopi Trading Company Limited (the "Chaopi Trading") and its subsidiaries.*

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

During the Reporting Period, the wholesale principal operating income recognized by Chaopi Group increased by approximately 4.8% and was mainly due to the increase in cross-border e-commerce business.

During the Reporting Period, the gross profit margin of wholesale business recognized by Chaopi Group was 9%, compared to 11.0% in the corresponding period in 2022 mainly because, as a result of the effect of the overall economic downturn, the traditional channel sales were not optimistic, and the increase in low-price promotions led to a decrease in gross margin.

FINANCIAL RESULTS

	For the 12 months ended 31 December		
	2023	2022	Increase/
	RMB'000	*RMB'000*	(Decrease)
Principal operating income	**8,491,154**	8,661,082	(2.0%)
Gross profit	**993,552**	1,200,243	(17.2%)
Gross profit margin (%)	**11.7%**	13.9%	(2.2%)
Earnings before interest and tax	**122,863**	103,023	19.3%
Net profit	**(52,740)**	(65,039)	18.9%
Net profit margin(%)	**(0.6%)**	(0.8%)	0.2%
Net profit attributable to shareholders of the parent company	**(75,675)**	(92,551)	18.2%
Net profit margin attributable to shareholders of the parent company (%)	**(0.9%)**	(1.1%)	0.2%

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income decreased by approximately 2.0%, of which retail principal operating income decreased by approximately 12.4%, and wholesale principal operating income increased by approximately 4.8%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group decreased by approximately 17.2% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 11.7% (2022: 13.9%).

OTHER OPERATING INCOME

Other operating income mainly comprises income from promotional activities, rental income from leasing and sub-leasing of properties and counters.

The Group's other operating income increased from RMB880,272,397 in 2022 to RMB976,735,757 by approximately 11.0% during the Reporting Period, mainly due to in 2022, the reduction of rental income from micro, small and medium-sized enterprises in accordance with national rental waiver policies during the COVID-19 pandemic period, the decrease of promotional activities in wholesale and retail business affected by the COVID-19 pandemic and a decline in the revenue of promotional services of some e-commerce commodities due to the adjustment to the commodity structure in e-commerce, whereas during the Reporting Period, normal rental collection was resumed and promotional activities gradually returned to normal, resulting in an increase of other operating income compared to the corresponding period as a result.

SELLING EXPENSES

Selling expenses mainly comprise of salary and welfare, depreciation and amortization, energy fee, rental expenses, repair and maintenance expenses, transportation expenses, packing expenses, and advertising and promotion expenses.

The Group's selling expenses were RMB1,488,083,098 during the Reporting Period, representing a decrease of approximately 7.0% compared to the corresponding period in 2022. The decrease was primarily due to (i) the reduction of market cost input borne by the Company and the change of the accounting method of downstream promotion cost; and (ii) the closure of some leased stores resulting in the reduction of depreciation and amortization in selling expenses and energy and transportation expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly comprise salary and welfare, social security costs (including retirement benefit contribution), and depreciation and amortization.

The Group's administrative expenses were RMB281,647,111 during the Reporting Period, remaining stable compared to the corresponding period in 2022.

FINANCIAL EXPENSES

Financial expenses include interests on bank loans and debentures, interest income, bank charges and exchange gains or losses.

The Group's financial expenses decreased from RMB128,932,070 in 2022 to RMB112,289,227 in 2023. during the Reporting Period. The main reasons for the reduction were (i) lower interest expense due to lower LPR level in the market; and (ii) the closure of some leased stores and the decrease in lease financing expenses accounted for Accounting Standards for Business Enterprises No. 21 – Leasing Standards led to a decrease compared with the corresponding period.

INCOME TAX EXPENSE

The Group's subsidiary Chaopi International Trading (Hong Kong) Co., Ltd. ("**International Trading Hong Kong**") was registered and established in Hong Kong. In accordance with Hong Kong taxation law, the relevant corporate income tax rate was 16.5%.

Except for International Trading Hong Kong, other members of the Group were subject to corporate income tax at a rate of 25% during the Reporting Period on their respective taxable profit pursuant to the relevant PRC tax laws and regulations.

Income tax expense increased from RMB41,408,956 in 2022 to RMB57,906,328 in 2023, primarily due to the fact that Chaopi Trading, a subsidiary of the Group, had no previous years losses to make up for in 2023. Therefore, income tax expenses are fully provisioned based on the total profits for this period. At the same time, due to a change in business strategy, closure of some leased stores and early termination of lease contracts generating asset disposal income and resulting in an increase in deductible temporary differences lead to the increase of income tax expenses compared to the corresponding period.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

The net profit (loss) attributable to shareholders of the parent company increased by approximately 18.2% from RMB(92,551,280) in 2022 to RMB(75,675,109) in 2023. This was mainly attributable to the loss reduction on changes in fair value of Wuilangye.

BASIC EARNINGS PER SHARE

The Group recorded basic earnings (loss) per share of approximately RMB(0.18) for 2023, which was calculated on the basis of the number of 412,220,000 shares. The basic earnings per share for 2022 was RMB(0.22). The main reason was the increase of net profit attributable to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2023 the Group had non-current assets of RMB2,184,094,253 (mainly comprising of fixed assets, investment properties and land use rights of RMB1,098,121,430), and non-current liabilities of RMB473,159,659 (mainly comprising of leases liabilities of RMB445,145,916).

As at 31 December 2023, the Group had current assets of RMB4,947,950,438. Current assets mainly comprised of cash and cash equivalents of RMB839,268,396, inventories of RMB1,614,980,748, accounts receivable and notes receivable of RMB984,080,370 and prepayments and other receivables of RMB1,161,815,914. The Group had current liabilities of RMB4,826,017,295. Current liabilities mainly comprised of accounts payable and notes payables of RMB830,620,505, short-term borrowings of RMB3,148,009,496, contract liabilities of RMB312,190,012 and other payables of RMB267,363,145.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 31 December 2023, the Group had bank loans of RMB3,148,009,496, which consisted of accounts receivable factored bank loans of RMB8,350,972, and unsecured bank loans of RMB2,984,097,428, pledged loan of RMB155,561,096. All the Group's bank loans bear interest rates ranging from 2.65% to 6.93%.

The Group's deposits of RMB53,135,440 were pledged for notes payable of RMB301,955,528 as at 31 December 2023.

As at 31 December 2023, the Group's gearing ratio* was approximately 74.3%, remaining stable compared to 74.2% as at 31 December 2022.

* *Represented by: Total Debt/Total Asset*

FOREIGN CURRENCY RISK

The Group's operating revenues and expenses are principally denominated in RMB.

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

EMPLOYEES AND TRAINING

As at 31 December 2023, the Group employed 4,370 employees in the PRC (31 December 2022: 4,458). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB720,988,340 (2022: RMB729,020,479). The staff emolument (including directors and supervisors) of the Group are based on position, duty, experience, performance, and market rates, in order to maintain their remunerations at a competitive level.

As required by the PRC laws and regulations, the Group participates in the defined contribution retirement benefits scheme for its employees operated by the relevant local government authorities in the PRC. The Group is required to make contributions for those employees who are registered as permanent residents in the PRC at a rate of 16% (2022: 16%) of the employees' salaries, bonuses and certain allowances. The Group has no further obligation associated with the said defined contribution retirement benefits scheme beyond the above mentioned annual contributions. The Group's contributions to the defined contribution retirement benefits schemes amounted to approximately RMB68,332,543 for the Reporting Period (2022: RMB67,901,952).

During the Reporting Period, the Group hosted trainings in various format and topics for its employees to improve their skills and professional knowledge. The Group held about 91 seminars during the year, and all employees have benefited from them.

CONNECTED TRANSACTIONS IN RELATION TO THE 2023 LEASE AGREEMENTS

Reference is made to the announcement of the Company dated 15 December 2023 (the "**Connected Transaction Announcement**"). Unless other specified, capitalised terms used in this section shall have the meanings as defined in the Connected Transaction Announcement.

As the Board intended to continue to lease certain properties located in Chaoyang District, Beijing and leased under the Existing Lease Agreements, on 15 December 2023, (i) the Company (as lessee) entered into the 2023 Chaofu Lease Agreement, 2023 Hongchao Weiye Lease Agreement I and 2023 Jin Chaoyang Lease Agreement with Chaofu Company, Hongchao Weiye and Jin Chaoyang (each as lessor), respectively, and (ii) Chaopi Trading (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2023 Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor). The renewed lease terms of the aforesaid agreements all commenced on 1 January 2024 and will end on 30 June 2024, and each of the 2023 Lease Agreements has stipulated that the lessee shall pay the rentals to the lessor in one lump sum upon signing of the agreement.

The fixed total rental of each of (i) 2023 Chaofu Lease Agerement, (ii) 2023 Hongchao Weiye Lease Agreement I, (iii) 2023 Hongchao Weiye Lease Agreement II and (iv) 2023 Jin Chaoyang Lease Agreement is RMB333,559.57, RMB4,225,047.81, RMB472,260.37 and RMB1,834,125, respectively.

As at the date of this announcement, Chaofu Company is the controlling shareholder of the Company (and hence a connected person of the Company), owning approximately 40.61% of the issued share capital of the Company. As both Hongchao Weiye and Jin Chaoyang are wholly-owned subsidiaries of Chaofu Company, Hongchao Weiye and Jin Chaoyang are therefore connected persons of the Company. Further, Chaopi Trading is a non-wholly owned subsidiary of the Company. Accordingly, the entering into of the 2023 Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the total rentals payable by the Group on an aggregate basis under the 2023 Lease Agreements is more than 0.1% but less than 5%, the entering into of the 2023 Lease Agreements is subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details (including description of the properties leased under each of the 2023 Lease Agreements), please refer to the Connected Transaction Announcement.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities.

PENDING 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 during the period of their retention of compensation fee. The Company has returned the land to Guanzhuang Township Government on 24 November 2022. As of the date of this announcement, the Company has through legal means required to confirm the nullification of the above land compensation agreement and supplementary agreement, and require Guanzhuang Township Government and AICC to return the above-mentioned compensation, and the legal proceedings are still in progress.

EVENTS AFTER THE REPORTING PERIOD

As the date of this announcement, no important events affecting the operation and financial performance of the Group significantly have occurred since 31 December 2023.

STRATEGIES AND PLANS

In 2024, the external environment will remain complex and severe, with insufficient effective domestic demand, weak social expectations, and many hidden risks. China is still in a critical period of transforming the development mode, optimising the economic structure, and changing the growth driver. The Group will steadily advance various tasks with momentum, determination, and wisdom, thoroughly implement the spirits of the Central Economic Work Conference, and go all out to meet new opportunities and challenges.

In terms of retail business, the Group will fully achieve the goal of improving the quality and efficiency of the retail segment in accordance with the general principle of "progress in stability, promoting stability through progress, establishing first and then breaking through", continue to build purposeful categories, develop diversified and flexible business models, increase the number of small-packaged products, accelerate the construction of freshly-made projects, strengthen the research and development of its own brands, improve and strengthen membership products, capture opportunities in silver economy, implement digital system upgrades, and strengthen intensive asset management, so as to promote the high-quality development of the Group.

In terms of wholesale business, the Group will actively respond to various risks and challenges, insist on "goods + services" operating philosophy, optimally control the operating cost, continue expanding categories, and promote full category distribution strategy. The Group continues expanding joint goods, promotes in-depth cooperation with famous quality brands; continues consolidating current channel base, continuously expands business channels; continuously expands logistic business scope, incessantly improves logistic business scope, continuously improves logistic management efficiency and third party logistic value-added service, and incessantly enhances the advantages of wholesale business.

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 Listing Rules during the Reporting Period, save for the directors' retirement by rotation as set out below.

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 Articles of Association of the Company stipulates that each director shall be elected by the general meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Having taken into account of the continuity of the Group's operation and management policies, the Company's Articles of Association contains no express provision for the directors' retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's 2023 audited annual results and discussed with the management and the external auditors on the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

Scope of work of Da Hua Certified Public Accountants (Special General Partnership)

The figures in respect of the Group's consolidated balance sheets, consolidated income statement and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Da Hua Certified Public Accountants (Special General Partnership), to the amounts set out in the audited consolidated financial statements of the Group. The work performed by Da Hua Certified Public Accountants (Special General Partnership) in this respect did not constitute an assurance engagement in accordance with China Auditing Standards, China Standards on Review or China Standards on Assurance Engagements issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by Da Hua Certified Public Accountants (Special General Partnership) on this announcement.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period and up to the date of this announcement.

Distribution of Dividends

Due to the net profit(loss) attributable to the shareholders of the parent company amounting to RMB(75,675,109) during the Reporting Period, the Board recommends not to pay final dividends to its shareholders, which means there will be no cash dividend distribution, nor will the capital reserves be capitalized or other forms of distribution be made in respect of the year ended 31 December 2023 in order to ensure the continuous and stable operation of the Company and the long-term interest of the shareholders, after taking into account the operation plans and capital needs of the Company in 2024.

Closure of Register of Members

The register of members of the Company will be closed from Saturday, 22 June 2024 to Friday, 28 June 2024, both days inclusive, during which no transfer of shares of the Company will be effective. Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited (the "**H-Shares Registrar**") at 4:30 p.m., the close of business on Friday, 21 June 2024 are entitled to attend and vote at the annual general meeting of the Company for the year ended 31 December 2023 (the "**2023 Annual General Meeting**") following completion of the registration procedures. To qualify for attendance and voting at the 2023 Annual General Meeting, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged at the transfer office of the Company's H-Shares Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 21 June

2024. Holders of domestic shares of the Company (the "**Domestic Shares**") whose names appear on the register of shareholders of the Company at 4:30 p.m., the close of business on Friday, 21 June 2024 are entitled to attend and vote at the 2023 Annual General Meeting following completion of the registration procedures. Holders of Domestic Shares should contact the secretary to the board of directors of the Company (the "**Secretary to the Board**") for details concerning registration of transfers of Domestic Shares. The contact details of the Secretary to the Board are: 3rd Floor, Block No.45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China. Telephone No.: 86(10) 6460 3046. Facsimile No.: 86(10) 6461 1370.

PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION

The Board proposes to amend the article of association of the Company (the "**Articles**") in view of (i) the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) having been repealed at the end of March 2023 after the State Council of the PRC issued the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》); (ii) the Mandatory Provisions for Companies Listing Overseas (《到境外上市公司章程必備條款》) having been repealed at the end of March 2023 after the China Securities Regulatory Commission issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》); (iii) the amendments to The Company Law of the People's Republic of China (《中華人民共和國公司法》) coming into force on 1 July 2024; (iv) the amendments to the Listing Rules in relation to the paperless listing regime with effect from 31 December 2023, as well as the consultation papers and consultation conclusion on the proposed expansion of the paperless listing regime and other amendments to the Listing Rules published by The Stock Exchange of Hong Kong Limited and (v) the requirements of the General Requirements for Incorporation of Party Building Work in District Management Enterprises into the Model Document of the Company's Articles of Association (2022 version) and other laws, regulation and provisions. The main aspects of this proposed amendment of the Articles are: (i) the establishment of the role of employee representative directors; (ii) remove the establishment of the Supervisory Committee; (iii) revise the expression of the general provisions and the chapter of the Party Committee; (iv) add the section "The methods for issuing notices and public announcements of the Company" to further clarify the arrangement on the electronic dissemination of the corporate communications of the Company; and (v) consequential amendments to the Articles (except those relating to the interests of class shareholders) as a result of the legal and regulatory changes.

The proposed amendment to the Articles is subject to the approval of the shareholders of the Company by way of a special resolution at the 2023 Annual General Meeting of the Company.

Details in relation to the above mentioned proposed amendment to the Articles will be set out in the circular of the 2023 Annual General Meeting to be disseminated to the shareholders of the Company in due course.

PROPOSED CHANGE OF AUDITOR

Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) ("**Da Hua**") has been holding office as the auditor of the Company since the conclusion of the annual general meeting of the Company for the year ended 31 December 2019 which was held on 23 June 2020. The Board considers that a change of auditor after an appropriate period of time could enhance the independence of the auditor and maintain good corporate governance, and it would be in the interest of the Company and its shareholders as a whole. Therefore, the re-appointment of Da Hua as the auditor of the Company for the year ending 31 December 2024 will not be proposed at the 2023 Annual General Meeting and Da Hua will retire as the auditor of the Company with effect from the conclusion of the 2023 Annual General Meeting.

Da Hua has confirmed in writing that there are no disagreements or unresolved matters between the Company and Da Hua and that there are no matters in respect of its retirement as the auditor of the Company or other matters which should be brought to the attention of the Shareholders. The Board and the Audit Committee have also confirmed that there are no disagreements or unresolved matters between the Company and Da Hua.

The Company believes that the proposed change of auditor will not affect the publication of the annual results or annual report of the Company for the year ended 31 December 2023.

The Board, with the recommendation from the Audit Committee, has resolved to propose the appointment of BDO CHINA Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) as the new auditor of the Company for the period from the conclusion of the 2023 Annual General Meeting to the conclusion of the annual general meeting of the Company for the year ending 31 December 2024. The proposed change of auditor is subject to the approval of the shareholders of the Company by the way of an ordinary resolution at the 2023 Annual General Meeting. A circular containing, inter alia, details of the proposed change of auditor of the Company, together with a notice of the 2023 Annual General Meeting will be disseminated to the shareholders of the Company in due course.

The Board would like to extend its sincere gratitude to Da Hua for its quality services provided to the Company in the previous years.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting will be held on Friday, 28 June 2024. The notice of the 2023 Annual General Meeting will be electronically disseminated to the Shareholders together with the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**"), and will also be available on the HKEXnews (the "**HKEXnews**") website of Hong Kong Exchanges and Clearing Limited and the website of the Company.

PUBLICATION OF 2023 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website at www.hkexnews.hk and the Company website at www.jkl.com.cn. The 2023 Annual Report will be available on the HKExnews and the website of the Company, and electronically disseminated to Shareholders on or about Tuesday, 30 April 2024.

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

Beijing, PRC
26 March 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.