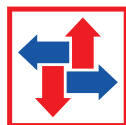


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北京京客隆
商业集团股份有限公司
BEIJING JINGKELONG COMPANY LIMITED

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 2013**

The board of directors (the “Board”) of Beijing Jingkelong Company Limited (the “Company” or “Jingkelong”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2013 (the “Reporting Period”). The unaudited consolidated results have been reviewed by the auditors, Deloitte Touche Tohmatsu CPA LLP and the audit committee of the Company.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” which was published by The Stock Exchange of Hong Kong Limited in December 2010, Mainland audit firms approved by the Ministry of Finance of China and China Securities Regulatory Commission (“CSRC”) can apply the accounting policies in the Mainland when providing services to Mainland incorporated issuers which are listed in Hong Kong. As such, in the 2012 annual general meeting of the Company held on 28 May 2013, the appointment of Deloitte Touche Tohmatsu CPA LLP as the auditors of the Company was considered and approved. After the said appointment, Deloitte Touche Tohmatsu CPA LLP became the only auditor of the Company auditing/reviewing the Company’s financial statements in accordance with China Auditing Standards. The financial statements contained in this announcement were prepared in accordance with China Accounting Standards.

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

* For identification purpose only

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS

		30 June	31 December
		2013	2012
	<i>Notes</i>	<i>RMB</i>	<i>RMB</i>
		(unaudited)	(audited)
Current Assets:			
Cash and bank balance		777,730,253	465,268,591
Accounts receivable	3	1,181,833,406	1,399,046,174
Prepayments to suppliers		996,483,358	407,513,831
Other receivables		187,196,629	97,929,540
Inventories		1,375,055,530	1,535,945,684
Other current assets		153,418,718	68,099,415
Total Current Assets		<u>4,671,717,894</u>	<u>3,973,803,235</u>
Non-current Assets:			
Available-for-sale financial asset		4,900,000	8,332,000
Investment properties		130,860,410	107,081,052
Fixed assets		1,258,379,272	1,185,622,309
Construction in progress		109,487,988	163,391,925
Intangible assets		189,631,398	196,600,805
Goodwill		86,673,788	86,673,788
Long-term prepaid expenses		591,001,362	599,225,992
Deferred tax assets		16,153,173	16,542,792
Other non-current assets		11,406,501	13,780,628
Total Non-current Assets		<u>2,398,493,892</u>	<u>2,377,251,291</u>
TOTAL ASSETS		<u><u>7,070,211,786</u></u>	<u><u>6,351,054,526</u></u>

		30 June 2013 RMB (unaudited)	31 December 2012 RMB (audited)
	<i>Notes</i>		
Current Liabilities:			
Short-term bank loans		2,402,850,743	2,337,706,849
Bills payable	4	667,072,204	20,791,692
Accounts payable	4	891,148,944	1,054,796,045
Advances from customers		432,593,419	466,999,477
Employee benefits payable		7,296,782	8,298,385
Taxes payable		(82,620,792)	(147,230,701)
Dividend payable		7,605,453	4,000
Debentures		194,328,466	155,181,904
Bonds payable		200,000,000	199,650,000
Other current liabilities		42,808,244	28,196,939
Total Current Liabilities		4,763,083,463	4,124,394,590
Non-current Liabilities:			
Deferred tax liabilities		10,402,591	11,060,800
Long-term bank loans		282,000,000	200,000,000
Other non-current liabilities		16,956,548	15,551,326
Total Non-current Liabilities		309,359,139	226,612,126
TOTAL LIABILITIES		5,072,442,602	4,351,006,716
Shareholders' Equity:			
Share capital		412,220,000	412,220,000
Capital reserve		614,366,960	617,477,216
Surplus reserve		121,313,202	121,313,202
Retained profits	5	500,177,140	493,033,750
Total equity attributable to owners of the parent		1,648,077,302	1,644,044,168
Non-controlling interests		349,691,882	356,003,642
TOTAL SHAREHOLDERS' EQUITY		1,997,769,184	2,000,047,810
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,070,211,786	6,351,054,526

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June 2013 RMB (unaudited)	Six months ended 30 June 2012 RMB (audited)
	<i>Notes</i>		
I. Total Operating income	6	5,097,403,143	4,843,166,021
Less: Operating costs	6	4,025,156,342	3,809,101,836
Business tax and surcharges		33,048,964	33,212,330
Selling expenses		741,422,158	646,436,266
Administrative expenses		135,440,464	147,428,689
Financial cost		74,670,213	78,185,391
Add: Investment income		188,293	221,237
II. Operating profit		87,853,295	129,022,746
Add: Non-operating income		14,987,320	16,104,548
Less: Non-operating expenses		2,151,692	2,488,221
Including: Losses from disposal of non-current assets		1,288,191	1,753,678
III. Total profit		100,688,923	142,639,073
Less: Income tax expenses	7	27,917,753	35,592,090
IV. Net profit		72,771,170	107,046,983
Net profit attributable to owners of the parent		48,365,390	77,631,958
Profit or loss attributable to the non-controlling interests		24,405,780	29,415,025
V. Earnings per share:			
(I) Basic earnings per share	8	0.12	0.19
VI. Other comprehensive income		(2,574,000)	918,000
VII. Total comprehensive income:		70,197,170	107,964,983
Total comprehensive income attributable to shareholders of the parent company		45,791,390	78,549,958
Total comprehensive income attributable to minority interests		24,405,780	29,415,025

NOTES:

1. General Information

Beijing Jingkelong Company Limited (the “Company”) is a joint stock limited company incorporated in the People’s Republic of China (the “PRC”). On 1 November 2004, with the approval of the Beijing Administration for Industry and Commerce (北京工商行政管理局), the Company (formerly known as “Beijing Jingkelong Supermarket Chain Company Limited”) was established and the registered capital of the Company was RMB246,620,000.00. The Business License No. is 1100001231592. The registered office and the principal place of business of the Company is located at Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the PRC. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the retail and wholesale distribution of daily consumer products.

On 25 September 2006, the H shares issued by the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. On 26 February 2008, all the H shares were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares on 30 June 2013.

The controlling shareholder of the Company is Beijing Chaoyang Auxiliary Food Company.

2. Basis of Preparation

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

3. Accounts Receivable

The Group normally allows a credit period of no more than 90 days to its customers. A longer credit period is granted to its major customers with 180 days. Accounts receivable bear no interest except the amount due from Beijing Shoulian Trading Company Limited (“Shoulian”) which bears interest at a rate of 6.40% per annum during 1 January 2013 to 30 June 2013 (“the current period”). (During 1 January 2012 to 30 June 2012 (“for the same period last year”) was 6.13% per annum).

The ageing analysis of the accounts receivable based on the invoice date and net of allowance for doubtful debts, is as follows:

	30 June 2013 RMB (unaudited)	31 December 2012 RMB (audited)
Ageing		
Within 1 year	1,099,291,083	1,308,233,109
1 to 2 years	2,542,323	10,813,065
Over 2 years	80,000,000	80,000,000
Total	<u>1,181,833,406</u>	<u>1,399,046,174</u>

On 30 June 2013, Accounts receivable of the Group amounted to RMB80,000,000 (31 December 2012: RMB80,000,000) due from Shoulian, which were already overdue. In the opinion of the directors, no impairment is necessary in view of the following consideration: the accounts receivable bears interest at a rate of 6.40%, and all the interest is received. Moreover, Shoulian has pledged one piece of land and related buildings situated in Beijing with a total value of not less than the overdue accounts receivables.

On 30 June 2013, allowance for doubtful debts was RMB1,890,579 (31 December 2012: RMB1,890,579).

On 30 June 2013, the total accounts receivable due from Beijing Wu-mart Comprehensive Supermarket Co. LTD., Auchan (China) investment Co. Ltd., Beijing Carrefour Commercial Co. Ltd., and Beijing Lotus Supermarket Chain Store Co., Ltd. which amount to RMB241,590,578 (31 December 2012: RMB89,633,545) was limited by being factored to secure its bank loan.

4. Bills and Accounts Payables

	30 June 2013 RMB (unaudited)	31 December 2012 RMB (audited)
Bills payables	667,072,204	20,791,692
Accounts payables	891,148,944	1,054,796,045
Total	<u>1,558,221,148</u>	<u>1,075,587,737</u>

An aging analysis of bills and accounts payables as at the end of reporting period is analysed as follows:

	30 June 2013 RMB (unaudited)	31 December 2012 RMB (audited)
Within 1 year	1,552,394,809	1,072,631,931
1 to 2 years	4,603,319	1,213,769
Over 2 years	1,223,020	1,742,037
Total	<u>1,558,221,148</u>	<u>1,075,587,737</u>

The accounts payables are non-interest-bearing and are normally settled on 60-day terms, and the bill payable are normally settled on 90 day to 180 day terms.

As at 30 June 2013, the Bank's Acceptance Bill Payable of the Group amounted to RMB667,072,204 (31 December 2012: RMB20,791,692) was secured by certain of the Group's pledged deposits amounted to RMB73,414,441 (31 December 2012: RMB4,158,338). Also, bills payable amounted to RMB50,000,000 will be secured by inventories bought after the end of the Reporting Period with prepayments at RMB600,000,000 (31 December 2012: Nil).

5. Undistributed Profits

	Amount <i>RMB</i>
Six months ended 30 June 2013:	
Undistributed profits at the beginning	493,033,750
Add: Net profits attributable to the shareholders of parent company for the period	48,365,390
Less: Dividend payable to ordinary shareholders	41,222,000
Undistributed profits at the end of the period	500,177,140
Six months ended 30 June 2012:	
Undistributed profits at the beginning	477,717,215
Add: Net profits attributable to the shareholders of parent company for the period	77,631,958
Less: Dividend payable to ordinary shareholders	82,444,000
Undistributed profits at the end of the period	472,905,173

(1) Dividend

In the current period, a final dividend of RMB10 cents per share in respect of the year ended 31 December 2012 (for the same period last year: RMB20 cents per share in respect of the year ended 31 December 2011) was declared and paid to the owners of the Company. The aggregated amount of the final dividend declared and paid amounted to RMB41,222,000 (for the same period last year: RMB82,444,000).

In the current period, the directors of the Company do not recommend the payment of an interim dividend (for the same period last year: Nil).

6. Revenue and Operating Costs

(1) Revenue and operating costs

	Six months ended 30 June 2013 <i>RMB</i> (unaudited)	Six months ended 30 June 2012 <i>RMB</i> (audited)
Revenue from principal businesses	4,709,149,979	4,507,553,737
Revenue from other businesses	388,253,164	335,612,284
Operating cost	4,025,156,342	3,809,101,836

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

	Six months ended 30 June 2013 (unaudited)		Six months ended 30 June 2012 (audited)	
	Prime Revenue RMB	Prime operating cost RMB	Prime Revenue RMB	Prime operating cost RMB
Retail	2,328,055,524	1,940,033,643	2,374,501,565	1,992,760,164
Wholesale	2,375,350,950	2,077,635,185	2,118,312,840	1,803,282,861
Others	5,743,505	4,512,343	14,739,332	11,367,778
Total	<u>4,709,149,979</u>	<u>4,022,181,171</u>	<u>4,507,553,737</u>	<u>3,807,410,803</u>

The prime operating income is mainly consisting with selling food, non-staple food, daily consumer goods, beverage and wine.

7. Income Tax Expenses

	Six months ended 30 June 2013 RMB (unaudited)	Six months ended 30 June 2012 RMB (audited)
Current income tax calculated according to tax laws and relevant rules	27,328,343	34,355,604
Deferred income tax	<u>589,410</u>	<u>1,236,486</u>
Total	<u>27,917,753</u>	<u>35,592,090</u>

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

	Six months ended 30 June 2013 RMB (unaudited)	Six months ended 30 June 2012 RMB (audited)
Accounting profit	<u>100,688,923</u>	<u>142,639,073</u>
Income tax calculated at tax rate of 25%	25,172,231	35,659,768
Tax effect of non-deductible expenses	2,726,603	1,087,386
Tax effect of non-taxable income	(1,503,024)	(1,389,402)
Tax effect of utilization of tax losses previously not recognised	(151,618)	—
Tax effect of tax losses not recognised	<u>1,673,561</u>	<u>234,338</u>
Total	<u>27,917,753</u>	<u>35,592,090</u>

8. Earnings Per Share

	Six months ended 30 June 2013 RMB (unaudited)	Six months ended 30 June 2012 RMB (audited)
Profit for the period attributable to owners of the Parent Company	48,365,390	77,631,958
Number of ordinary shares used in the calculation of basic earnings per share	<u>412,220,000</u>	<u>412,220,000</u>

	Six months ended 30 June 2013 RMB	Six months ended 30 June 2012 RMB
Based on the net profit attributable and the net profit from continuing operations attributable to ordinary shareholders of parent company:		
Basic earnings per share	<u>0.12</u>	<u>0.19</u>

Up to the date of this announcement, the Company does not have any dilutive potential ordinary shares.

9. Net Current Assets

	30 June 2013 RMB (unaudited)	31 December 2012 RMB (audited)
Current assets	4,671,717,894	3,973,803,235
Less: current liabilities	<u>4,763,083,463</u>	<u>4,124,394,590</u>
Net current liabilities	<u>91,365,569</u>	<u>150,591,355</u>

10. Total Assets Less Current Liabilities

	30 June 2013 RMB (unaudited)	31 December 2012 RMB (audited)
Total assets	7,070,211,786	6,351,054,526
Less: current liabilities	<u>4,763,083,463</u>	<u>4,124,394,590</u>
Total assets less current liabilities	<u>2,307,128,323</u>	<u>2,226,659,936</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2013, amid the weak growth momentum in the PRC economy and severe overcapacity, enterprises suffered from increasingly challenging operating conditions. The wholesale and retail industry of fast moving consumer goods and the traditional offline enterprises faced increasingly intensified competition due to a homogenous business model. Meanwhile, being affected by the increasingly intense impact of e-commerce, the surge in production costs such as labour costs, rental and finance costs, as well as the changes in consumption structure due to the restrictions on public-fund spending imposed by the government, the retail and wholesale industry was under unprecedented pressure, thus making adjustment and transformation is the only way forward for traditional wholesale and retail enterprises to prevent declines in performance and to achieve sustainable development.

In face of the challenging and complex economic environment, during the Reporting Period, the Group implemented the relevant projects pursuant to the adjustment and transformation strategy formulated at the beginning of the year: (i) the Group pushed forward the construction project of a vegetable and fruit processing centre. In accordance with the plan to increase the added value of live and fresh produce via rough processing, meticulous processing and exquisite processing of fruits and vegetables and in turn increase the operating profit, the Group has, during the first half of the year, completed its survey on the processing techniques of fruits and vegetables and developed the relevant processing procedures, and conducted the preliminary planning and design for the construction of the vegetable and fruit processing centre; (ii) the Group prepared for the construction project of a central staple kitchen, with an aim to improve the existing product mix and increase the added value by increasing the share of semi-processed and processed foods in the sales of stores; and (iii) in an effort to reverse the decline in operating results, the Group continued to adopt a proactive marketing strategy to maintain sales, while optimizing the operation and management procedures of the Company and implementing various improvement measures with a focus on reducing costs and enhancing efficiency.

RETAIL BUSINESS

Optimizing product mix and focusing on meticulous management

The Group increased the frequency in conducting ranking, analysis and screening of goods categories on a regular basis, accelerated the phase-out of obsolete and close-to-expiry goods and cleaned up stock of inactive goods, so as to ensure replacement of inactive products with the newly introduced ones in a timely manner. Efforts were stepped up to strengthen meticulous management over turnover, stock and return of goods as well as management of goods information, particularly focusing on accelerating the turnover of goods and reducing unrecovered capital of inventory.

Strengthening management of fresh produce and improving operation capability

Leveraging on the logistics facilities of the cooperative base and the information networks, the Group gradually increased the proportion of produce directly supplied from the vegetable bases and local farmers, so as to streamline the distribution process of vegetables, which in turn reduced losses and ensured freshness of the products. By increasing the frequency of spot check, the Group implemented strict control over the various quality criteria such as product specifications, freshness and completeness to ensure the quality of fresh produce. In addition to enhancement of price management of fresh produce, the Group also initiated multiple promotion campaigns to attract customers and boost sales, resulting in an increase of 9.3% in the sales of fruits and vegetables for the first half of the year.

Improving logistics efficiency and enhancing the logistics system

In addition to improving the operation standards and procedures of the normal-temperature logistics centre and reducing the error rate of distribution, the Group implemented the “no inspection upon receipt” policy for merchandise directly distributed from the centre, with an aim to decrease damage to products and reduce the number of logistics employees in the stores. The Group further expanded the scope of cross docking logistics and optimized internal operation process to enhance logistics efficiency. Storage of commodities was analyzed and managed based on the type and inbound and outbound data of the products, so as to improve occupancy rate of storage space and enhance sorting efficiency.

Prudently expanding the retail network

During the Reporting Period, the Group continued its steady development of the retail network. 26 retail outlets which comprised 24 directly-operated retail outlets (including one hypermarket, one supermarket and 22 convenience stores) and two franchise-operated convenience stores were opened in Beijing and Datong, Shanxi province. In addition, the Group renovated and upgraded one hypermarket and two convenience stores.

The total number of the Group’s retail outlets was 270 as at 30 June 2013, including 180 directly-operated retail outlets and 90 franchise-operated retail outlets, with a total net operating area of approximately 318,633 square metres. The following table sets out the number and net operating area of the Group’s retail outlets as at 30 June 2013:

	Department stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	2	11	75	92	180
Franchise-operated	—	—	1	89	90
Total	<u>2</u>	<u>11</u>	<u>76</u>	<u>181</u>	<u>270</u>

	Department stores	Hypermarkets	Supermarkets	Convenience stores	Total
Net operating area (square metres):					
Directly-operated	39,742	84,572	157,696	18,693	300,703
Franchise-operated	—	—	880	17,050	17,930
Total	<u>39,742</u>	<u>84,572</u>	<u>158,576</u>	<u>35,743</u>	<u>318,633</u>

Retail operating results

An analysis of the prime 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		
	2013	2012	Variance
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
Directly-operated retail outlets:			
Hypermarkets	595,576	618,519	-3.7
Supermarkets	1,541,802	1,566,295	-1.6
Convenience stores	162,849	164,628	-1.1
Department stores	27,829	25,060	11.1
(Including commissions)	<u>(23,891)</u>	<u>(20,526)</u>	16.4
Total retail prime operating income	<u>2,328,056</u>	<u>2,374,502</u>	-2.0
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	<u>15.8</u>	<u>15.3</u>	0.5

During the Reporting Period, the retail prime operating income of the Group decreased by 2.0% mainly due to the following reasons: (i) an overall same-store sales decrease of approximately 4.0% during the Reporting Period; (ii) sales decrease from 2 hypermarkets temporarily closed for renovation and redecoration, and 5 supermarkets closed in 2012 and during the Reporting Period; and (iii) sales contribution from those stores opened in the second half of 2012 and during the Reporting Period.

During the Reporting Period, gross profit margin of the directly-operated retail business (excluding department stores) increased slightly to 15.8% from 15.3% of the last corresponding period, mainly because of: (i) enhancement of price management of fresh produce; and (ii) optimization of product mix. Through these efforts, the retail gross profit and gross profit margin recorded slight increases compared with the last corresponding period, despite the fact that there has been a decrease in sales.

WHOLESALE BUSINESS

Expanding the wholesale distribution network

During the Reporting Period, the Group further strengthened its regional distribution networks by setting up a new subsidiary in each of Datong, Shanxi province and Tangshan, Hebei province respectively and establishing a branch company under a subsidiary in Langfang, Hebei province. Meanwhile, the three subsidiaries established in the second half of 2012 have officially commenced operation with positive operating results. While proactively exploring market channels in the suburbs of Beijing and beyond, the Group improved and enhanced its network in a timely manner by reinforcing supervision and examination on the working process, so as to improve the services and exploit the operating potential of the existing network. The Group also increased capital injection to its subsidiaries to boost the development of wholesale business, with an aim to improve its overall strength.

Exploring the development of wholesale business

During the Reporting Period, keeping abreast with the market trend, the Group continued to explore distribution channels to e-commerce service providers, deepened cooperation with major e-commerce service providers and accelerated introduction of new marketable products, rapidly expanding the sales to such clients which will form a new source of sales and profit growth for the wholesale business. By taking various measures including organization of business development meetings, the Group forged strategic cooperation with manufacturers of well-known brands and improved the compatibility between both parties, with a mutual aim to deepen market delineation and delicate operation. Furthermore, the Group continued to develop new channels and introduce new brands to enrich the product lines, leading to further expansion of the wholesale business.

Promoting the sustainable development of the logistics operation and improving the logistics services level

During the Reporting Period, the Group completed the installation and testing of the small-size disassembling and auto-sorting system, and put the system into operation. Construction of newly-built extension to No. 5 warehouse further enhanced the logistics capacity. Besides the continuous efforts to upgrade the automation of the system and improve the logistics services level, the Group actively expanded the third-party logistics and established joint distribution centers with major customers, creating a new profit model for the third-party logistics storage services. The Group promoted the logistics management concept of “zero error” in an effort to improve inbound and outbound service quality, reduce operating costs and improve logistics efficiency, thus achieving the improvement of logistics management.

Wholesale operating results

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

	For the six months ended 30 June		
	2013	2012	Variance
	RMB'000	RMB'000	(%)
Prime operating income recognised by			
Chaopi Trading and its subsidiaries	2,640,329	2,382,310	10.8
Less: Intersegment sales	(270,715)	(271,828)	-0.4
Sales to franchisees	<u>5,737</u>	<u>7,830</u>	-26.7
Consolidated wholesale prime operating income	<u>2,375,351</u>	<u>2,118,313</u>	12.1
Gross profit margin* (%)	<u>11.3</u>	<u>13.2</u>	-1.9

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

During the Reporting Period, the wholesale prime operating income recognized by Chaopi Trading and its subsidiaries increased by approximately 10.8%, which was mainly due to the following reasons: (i) various intensified promotion activities were arranged with suppliers to strengthen market shares; (ii) the sales contribution from the new subsidiaries in the second half of 2012 and during the Reporting Period; and (iii) the sales contribution from newly introduced distributorship brands.

During the Reporting Period, the gross profit margin of Chaopi Trading and its subsidiaries decreased by approximately 1.9%, mainly because of (i) multiple promotions were adopted in the first half of 2013; and (ii) the gross profit of the liquor merchandise with higher gross profit margin declined.

FINANCIAL RESULTS

	For the six months ended 30 June		
	2013	2012	Variance
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
Revenue from principal businesses	4,709,150	4,507,554	4.5
Gross profit	686,969	700,143	-1.9
Gross profit margin (%)	14.6%	15.5%	-0.9
Profit before interest and tax	175,877	222,072	-20.8
Net profit	72,771	107,047	-32.0
Net profit margin (%)	1.5%	2.4%	-0.9
Net profit attributable to the parent	48,365	77,632	-37.7
Net profit margin attributable to the parent (%)	1.0%	1.7%	-0.7

Revenue from principal businesses

During the Reporting Period, the Group's revenue from principal businesses increased by approximately 4.5%, of which retail revenue from principal businesses decreased by approximately 2.0%, and wholesale revenue from principal businesses increased by approximately 12.1%.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group decreased by approximately 1.9% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 14.6% (last corresponding period: 15.5% in accordance with China Accounting Standards).

Net profit attributable to the parent

During the Reporting Period, net profit attributable to the parent decreased by approximately 37.7% compared with the last corresponding period. The profit before interest and tax amounted to approximately RMB175,877,297, representing a decrease of approximately RMB46,194,483 compared with the last corresponding period, and the net profit attributable to the parent decreased from approximately RMB77,631,958 of the last corresponding period to approximately RMB48,365,390.

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 2013, the Group had non-current assets of approximately RMB2,398,493,892 (comprising mainly fixed assets, investment property, and land use right of approximately RMB1,556,604,523), and non-current liabilities of approximately RMB309,359,139 (comprising mainly bank loans of approximately RMB282,000,000).

As at 30 June 2013, the Group had current assets of approximately RMB4,671,717,894. Current assets mainly comprised of cash and cash equivalents of approximately RMB704,315,812, inventories of approximately RMB1,375,055,530, trade receivables of approximately RMB1,181,833,406 and prepayments and other receivables of approximately RMB1,183,679,987. The Group had current liabilities of approximately RMB4,763,083,463. Current liabilities mainly comprised of bills and accounts payables of approximately RMB1,558,221,148, short term bank loans of approximately RMB2,402,850,743 and other payables of approximately RMB194,328,466.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 30 June 2013, the Group had bank loans of approximately RMB2,684,850,743, which consisted of trade receivables factored bank loans of approximately RMB113,493,914, secured bank loans of approximately RMB282,000,000, unsecured bank loans of approximately RMB2,289,356,829. All the Group's bank loans bear interest rates ranging from 5.04% to 7.2% per annum. The secured bank loans were secured by certain of the Group's buildings, investment properties and land use rights with aggregate net book values of approximately RMB152,279,577.

Certain of the Group's security deposits of approximately RMB73,414,441 were pledged for bills payable of approximately RMB667,072,204 as at 30 June 2013. Also, bills acceptance amounting to RMB600,000,000 will be secured by inventories bought after the end at the Reporting Period with prepayments of RMB600,000,000 (31 December 2012: nil).

The Group's gearing ratio* was approximately 71.7% as at 30 June 2013, which was slightly higher than approximately 67.2% in the previous corresponding period.

* *Represented by: Total Debt/Total Asset*

FOREIGN CURRENCY RISK

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

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

EMPLOYEES

As at 30 June 2013, the Group employed 8,425 employees domestically (as at 30 June 2012: 8,354 employees). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB325,175,173 (corresponding period of 2012: RMB308,170,236). The staff emolument (including directors' and supervisors' emoluments) of the Group are based on duty (position), experience, performance and market rates, in order to maintain their remunerations at a competitive level.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any significant contingent liabilities.

ESTABLISHMENT OF TWO SUBSIDIARIES

During the Reporting Period, the Group, through its non-wholly owned subsidiary Datong Chaopi Beichen Trading Company Limited ("Datong Beichen"), established a subsidiary Datong Chaopi Mayi Trading Company Limited ("Datong Mayi") to engage in the retail of daily consumer products in Datong, Shanxi province. Datong Mayi opened 21 directly-operated convenience stores in Datong, Shanxi province during the Reporting Period. As at 30 June 2013, the Company held an indirect equity interest of approximately 55.90% in Datong Mayi. The registered capital of Datong Mayi was RMB5,000,000, which has been fully paid up by Datong Beichen.

During the Reporting Period, the Group, through its non-wholly owned subsidiary Beijing Chaopi Trading Company Limited ("Chaopi Trading"), established a subsidiary Tangshan Chaopi Baishun Trading Company Limited ("Tangshan Baishun") to engage in the wholesale of general merchandise in Tangshan, Hebei province. The registered capital of Tangshan Baishun was RMB30,000,000, which has been fully paid up by Chaopi Trading. Pursuant to an agreement entered into between Chaopi Trading and an independent third party dated 11 June 2013, Chaopi Trading disposed 30% of its equity interest in Tangshan Baishun to the said independent third party for a consideration of RMB9,000,000. After the completion of the transfer of this equity interest, the Company held an indirect interest of approximately 55.90% in Tangshan Baishun.

TRANSFER OF SOME EQUITY INTEREST IN A SUBSIDIARY

Chaopi Trading transferred 30% of its equity interest in Datong Beichen to an independent third party for a consideration of RMB7,800,000, which approximated 30% of the fair values of the identifiable assets and liabilities of Datong Beichen, pursuant to an agreement entered into between Chaopi Trading, Datong Beichen and the said independent third party dated 24 January 2013. After the completion of the transfer of this equity interest, the Company held an indirect interest of approximately 55.90% in Datong Beichen.

APPROVAL FROM THE CSRC FOR THE ISSUE OF CORPORATE BONDS

Pursuant to the Shareholders' approval obtained on 2 November 2012, the Company filed an application on 21 February 2013 for the issue of corporate bonds (the "Corporate Bonds") with an aggregate principal amount of not exceeding RMB750 million for a term of maturity of no more than 10 years on the SSE. The Corporate Bonds will be guaranteed by an independent third party, Beijing Chaoyang District National Capital Operating Management Center, a state-owned enterprise. On 5 June 2013, the Issuance Examination Committee of the CSRC approved the Company's application for the issue of Corporate Bonds. On 24 June 2013, the Company received the written approval from the CSRC, approving the Company's issue of Corporate Bonds. For details of the proposed issue of Corporate Bonds, please refer to the notice of the extraordinary general meeting of the Company dated 17 September 2012 and the announcements of the Company dated 5 June 2013 and 24 June 2013, respectively.

EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2013, the Group had the following events after the Reporting Period:

1. On 22 July 2013, as approved by Beijing Administration for Industry and Commerce, the Company and certain other investors injected additional investments in an aggregate sum of RMB140,490,326 and RMB35,452,474 in cash to Chaopi Trading, credited to paid-up capital and capital reserve respectively. As of that date, the registered capital of Chaopi Trading increased to RMB500,000,000. The Company held 79.85% equity interest in Chaopi Trading following the capital increase. The capital increase has been verified by the Rui Hua Yan Zi [2013] No. 201C0002 Capital Verification Report.
2. On 12 July 2013, the Company issued the debt financing instrument with the principal amount of RMB200,000,000 in way of private placement through Nanjing Bank. The instrument was unsecured and had a term of six months with a coupon rate of 5.2% per annum, both the principal and interest repayable on the maturity date.
3. Pursuant to "Approval to Issue Corporate Bonds by Beijing Jingkelong Company Limited" (Zheng Jian Xu Ke [2013] No.791) from the CSRC, the Company issued the Corporate Bonds with an aggregate nominal value of RMB750 million in the PRC on 15 August 2013. The Corporate Bonds had a term of maturity of five years, with option rights of increasing coupon interest rate by the issuer and repurchasing by investors at the end of the third year. The Corporate Bonds were guaranteed by Beijing Chaoyang District National Capital Operating Management Center, a state-owned enterprise, and the coupon rate was 5.48% per annum. For details of the issue of the Corporate Bonds, please refer to the overseas regulatory announcements of the Company dated 9 August, 12 August and 15 August 2013, respectively.

4. On 22 August 2013, the Company, through its non-wholly owned subsidiary Chaopi Trading, established a subsidiary Beijing Chaopi Maolisheng Trading Company Limited (“Chaopi Maolisheng”) to engage in the wholesale of general merchandise. The registered capital of Chaopi Maolisheng was RMB50,000,000, which has been fully paid up by Chaopi Trading. The investment has been verified by the Rui Hua Yan Zi [2013] No.201C0004 Capital Verification Report. The Company held an indirect equity interest of approximately 79.85% in Chaopi Maolisheng.

Save as disclosed herein, up to the date of this announcement, the Group has no other significant post-balance-sheet-date events that are required to be reported.

OUTLOOK

Looking ahead to the second half of the year, the central government’s policies in relation to stabilizing the growth and adjusting economic structure will reap positive effects. As a result, the PRC economy will gradually usher in a transformation of growth model and an upgrade of structural adjustment. As competition in the retail industry intensified due to the diversified industrial patterns, retail enterprises will step up restructuring efforts to achieve a shift in their growth models.

Facing the challenging market environment and arduous tasks, the Group will, with strong determination to advance in defiance of difficulties, take proactive measures to adapt to the market changes by adjusting our operating structure and business model, steadily promoting mechanism reform and profit model development, accelerating the establishment of logistics supporting system and refining management of each operative component, so as to improve operational efficiency and effectively reduce costs and losses. With courage and wisdom, the Group will push ahead corporate transformation and maintain stable and healthy development by solidifying the current position and aiming for long-term success.

OTHER INFORMATION

Corporate Governance

In the opinion of the directors, the Company has applied the principles of and complied with all the code provisions of the Corporate Governance Code (the “Corporate Governance Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the Reporting Period, save for the directors’ retirement by rotation as set out below.

Provision A4.2 of the Corporate Governance Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Company’s Articles of Association of the Company stipulates that each director shall be elected by the general meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Having taken into account of the continuity of the Group’s operation and management policies, the Company’s Articles of Association contains no express provision for the directors’ retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

Director's Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiries with all directors, all the directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code and the code of conduct regarding their securities transactions throughout the Reporting Period.

Audit Committee

The Audit Committee together with the management of the Company and the independent auditor have considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting, including the review of the Group's 2013 unaudited interim consolidated results. The Audit Committee considered that the interim financial report for the six months ended 30 June 2013 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.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

By Order of the Board
Beijing Jingkelong Company Limited
Li Jianwen
Chairman

Beijing, PRC
23 August 2013

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