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

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board of directors (the “**Board**”) of Beijing Jingkelong Company Limited (the “**Company**” or “**Jingkelong**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”). The unaudited consolidated results have been reviewed by the auditors, Da Hua Certified Public Accountants (Special General Partnership) and the audit committee of the Company (the “**Audit Committee**”).

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

\* For identification purposes only

## FINANCIAL INFORMATION

### CONSOLIDATED BALANCE SHEETS

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

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

## CONSOLIDATED INCOME STATEMENT

Item	Notes	Six months ended	Six months ended
		30 June 2022	30 June 2021
		RMB	RMB
		(unaudited)	(unaudited)
<b>I. Total operating income</b>		<b>5,332,502,257</b>	5,847,335,159
Including: operating income	7	<b>5,332,502,257</b>	5,847,335,159
<b>II. Total operating costs</b>		<b>5,280,944,416</b>	5,807,988,298
Including: Operating cost	7	<b>4,245,279,923</b>	4,761,064,778
Taxes and surcharges		<b>19,692,223</b>	22,166,395
Selling expenses		<b>812,418,882</b>	810,606,731
Administrative expenses		<b>136,157,000</b>	139,213,617
Financial expenses		<b>67,396,388</b>	74,936,777
Add: Other income		<b>7,042,528</b>	9,932,702
Investment income		<b>1,785,996</b>	–
Gains or losses on changes in fair value		<b>(8,128,666)</b>	23,871,554
Impairment losses on credits		<b>(5,618,133)</b>	(4,814,126)
Gains on disposal of assets		<b>527,328</b>	2,493,194
<b>III. Operating profit</b>		<b>47,166,894</b>	70,830,185
Add: Non-operating income		<b>2,463,804</b>	8,743,744
Less: Non-operating expenses		<b>24,878,952</b>	9,833,272
<b>IV. Total profit</b>		<b>24,751,746</b>	69,740,657
Less: Income tax expense	8	<b>19,286,537</b>	27,132,507
<b>V. Net profit</b>		<b>5,465,209</b>	42,608,150
(I) Classified by business continuity			
1. Net profit from continued operations		<b>5,465,209</b>	42,608,150
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		<b>(14,398,632)</b>	26,589,237
2. Profit or loss attributable to minority interests		<b>19,863,841</b>	16,018,913

<b>Item</b>	<i>Notes</i>	<b>Six months ended 30 June 2022 RMB (unaudited)</b>	Six months ended 30 June 2021 RMB (unaudited)
<b>VI. Net value of other comprehensive income after tax</b>		-	-
Net value of other comprehensive income attributable to shareholders of the parent company after tax		-	-
Other comprehensive income which can be reclassified into profit or loss subsequently		-	-
1. Gains or losses from changes in fair value of available-for-sale financial assets		-	-
2. Translation differences of financial statements denominated in foreign currencies		-	-
Net value of other comprehensive income attributable to minority of interests after tax		-	-
<b>VII. Total comprehensive income</b>		<b>5,465,209</b>	42,608,150
Total comprehensive income attributable to shareholders of the parent company		<b>(14,398,632)</b>	26,589,237
Total comprehensive income attributable to minority interests		<b>19,863,841</b>	16,018,913
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share	9	<b>(0.03)</b>	0.06
(II) Dilutive earnings per share		<b>N/A</b>	N/A

NOTES:

**1. GENERAL INFORMATION**

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

On 25 September 2006, the H shares issued by the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("SEHK"). On 26 February 2008, all the H shares were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares as at 30 June 2022.

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

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

The financial statements are presented on a going concern basis. The financial statements are prepared based on the actual transactions and events and in accordance with "Accounting Standards for Business Enterprises – Basic Standard" (issued by Ministry of Finance Order No.33 and revised by Ministry of Finance Order No.76), 42 specific accounting standards, implementation guidelines and explanations of enterprise accounting standards and other relevant provisions issued on 15 February 2006 and those updated afterwards (hereafter collectively referred to as "ASBE"), and the disclosure requirements of Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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. FINANCIAL ASSETS HELD FOR TRADING**

	2022.6.30 <i>RMB</i> (unaudited)	2021.12.31 <i>RMB</i> (audited)
<b>Item</b>		
Subtotal of financial assets classified as fair value through profit or loss	421,507,123	–
Subtotal of financial assets designated as fair value through profit or loss	–	–
Total	<u>421,507,123</u>	<u>–</u>

On 26 August 2019, the Company issued corporate bonds (the “**Corporate Bonds**”) in the aggregate amount of RMB400,000,000 with a term to maturity of 5 years. The holders of the Corporate Bonds are entitled to opt for selling all or part of the Corporate Bonds held by them back to the Company at par value at the end of the third year after the issuance. In anticipation of the said possible selling back, the Group raised funds in advance, meanwhile, in order to reduce the capital cost, the repayment funds raised in advance were handled in certain commercial banks as structured deposits. According to the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Further Regulating the Structured Deposit Business of Commercial Banks (Yin Bao Jian Ban Fa (2019) No. 204) (《中國銀保監會辦公廳關於進一步規範商業銀行結構性存款業務的通知》(銀保監辦發(2019)204號)), structured deposits should be managed as deposits by commercial banks. The Group included structured deposits under the entry “financial assets held for trading” in accordance with the Ministry of Finance’s Notice on Strictly Implementing Accounting Standards for Enterprises and Effectively Strengthening the Work of Enterprises in 2020 Annual Report (Finance and Accounting 2021) No. 2 (《關於嚴格執行企業會計準則切實加強企業2020年年報工作的通知》(財會2021)2號文). As at the date of this announcement, the aforesaid structured deposits have all matured and the funds will be used to repay the principal amount of the Corporate Bonds sold back by the bondholders on 26 August 2022.

#### 4. ACCOUNTS RECEIVABLE

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

#### 5. NOTES AND ACCOUNTS PAYABLE

Item	2022.6.30	2021.12.31
	<b>RMB</b>	<b>RMB</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Notes Payable	<b>531,375,056</b>	467,332,344
Accounts Payable	<b>842,764,281</b>	740,337,043
Total	<u><b>1,374,139,337</b></u>	<u>1,207,669,387</u>

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

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

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

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

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

## 6. UNDISTRIBUTED PROFITS

<b>Item</b>	<b>Six months ended</b> <b>30 June 2022</b> <i>RMB</i> <b>(unaudited)</b>	Six months ended 30 June 2021 <i>RMB</i> (unaudited)
Undistributed profits at the end of prior period	<b>487,060,672</b>	565,257,886
Add: Net profit attributable to the shareholders of the parent company for the period	<b>(14,398,632)</b>	26,589,237
Less: Ordinary shares' dividends payable	<b><u>20,611,000</u></b>	<u>41,222,000</u>
Undistributed profit at the end of the period	<b><u>452,051,040</u></b>	<u>550,625,123</u>

### Dividend

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

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



## 7. OPERATING INCOME AND OPERATING COST

### (1) Operating income and operating cost

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

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

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

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

## 8. INCOME TAX EXPENSE

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

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

<b>Item</b>	<b>Six months ended 30 June 2022 RMB (unaudited)</b>	<b>Six months ended 30 June 2021 RMB (unaudited)</b>
Accounting profit	24,751,746	69,740,657
Income tax expenses calculated at statutory/appropriate tax rate	6,187,937	17,435,164
Effect of subsidiary companies to adapt different tax rates	69,635	681,045
Effect of adjusting the previous years' income tax	(24,724)	435,202
Effect of non-taxable income	-	(223,240)
Effect of non-deductible costs, expenses and losses	1,377,515	676,259
Effect of using deductible losses of previously unrecognized deferred tax assets	(12,154,559)	(16,101,221)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	<u>23,830,733</u>	<u>24,229,298</u>
Total	<u><b>19,286,537</b></u>	<u><b>27,132,507</b></u>

## 9. EARNINGS PER SHARE

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

	<b>Six months ended 30 June 2022 RMB (Unaudited)</b>	Six months ended 30 June 2021 RMB (Unaudited)
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Calculated based on the net profit attributable to ordinary shareholders of the parent company:

Basic earnings per share	<u>(0.03)</u>	<u>0.06</u>
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#### 10. NET CURRENT ASSETS

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

#### 11. TOTAL ASSETS LESS CURRENT LIABILITIES

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

### Retail Business

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

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

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

### **Fighting against the pandemic and securing supplies amid the recurring COVID-19 situation**

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

### **Continuously strengthening category management**

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

## **Integrated online and offline marketing on the basis of customer needs**

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

## **Change of mindset to improve operational management**

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

## **Continuously strengthening food safety management**

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

## Continuously optimizing the logistics and distribution services

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

## RETAIL OPERATING RESULTS

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

	For the six months ended 30 June		
	2022 RMB'000	2021 RMB'000	Variance
<b>Directly-operated retail outlets:</b>			
Hypermarkets	483,924	472,319	2.5%
Supermarkets	1,153,603	1,095,781	5.3%
Convenience stores	150,367	146,271	2.8%
Department stores	633	7,104	(91.1%)
(including commissions)	633	5,291	(88.0%)
<b>Total retail principal operating income</b>	<b>1,788,527</b>	<b>1,721,475</b>	<b>3.9%</b>
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	<b>16.8</b>	<b>17.3</b>	<b>(0.5p.p)</b>

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

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

## **WHOLESALE BUSINESS**

### **Taking full advantage of logistics resources**

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

### **Steady market expansion**

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



## WHOLESALE OPERATING RESULTS

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

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

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

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

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

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

## FINANCIAL RESULTS

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

### PRINCIPAL OPERATING INCOME

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

### GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 30 June 2022, the Group had non-current assets of RMB2,870,750,893 (comprising mainly fixed assets, investment property, and land use right for a total of RMB1,239,939,274), and non-current liabilities of RMB932,872,290 (comprising mainly leases liabilities of RMB887,441,687).

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

## **INDEBTEDNESS AND PLEDGE OF ASSETS**

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

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

The Group's gearing ratio\* was approximately 74.1% as at 30 June 2022, which was slightly higher than approximately 73.2% in the previous corresponding period.

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

## **FOREIGN CURRENCY RISK**

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

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

## **EMPLOYEES**

As at 30 June 2022, the Group employed 4,659 employees in the PRC (as at 30 June 2021: 5,046 employees). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to RMB355,275,406 (corresponding period of 2021: RMB372,460,621). The staff emolument (including directors' and supervisors' emoluments) of the Group are based on position, duty, experience, performance and market rates, in order to maintain their remunerations at a competitive level.

## **CONTINGENT LIABILITIES**

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

## **OUTLOOK**

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

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

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

## **EVENTS AFTER THE REPORTING PERIOD**

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

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

## **OTHER INFORMATION**

### **Corporate Governance**

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

Provision B.2.2 of the Corporate Governance Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Company’s Articles of Association stipulates that each director shall be elected by the general meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Having taken into account the continuity of the Group’s operation and management policies, the Company’s Articles of Association contains no express provision for the directors’ retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

### **Director’s Securities Transactions**

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

### **Audit Committee**

The Audit Committee together with the management of the Company and the independent auditor have considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting, including the review of the Group’s 2022 unaudited interim consolidated results. The Audit Committee considered that this interim results announcement for the six months ended 30 June 2022 was in compliance with the relevant accounting standards, requirements of the Stock Exchange and the Laws of Hong Kong, and appropriate disclosures have been made.

## Disclosure of Interests

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

As at 30 June 2022, the interests and positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules, were as follows:

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

Name	Capacity	Number of domestic shares held	Approximate percentage of total issued domestic shares (%)	Approximate percentage of total issued shares (%)
Zhang Liwei	Personal	400,100	0.17	0.10
Li Chunyan	Personal	505,992	0.22	0.12
Li Shenlin	Personal	430,100	0.19	0.10
Li Jianwen	Personal	2,022,579	0.88	0.49
Li Shunxiang	Personal	5,210,428	2.26	1.26
Yang Baoqun	Personal	1,042,086	0.45	0.25
Liu Wenyu	Personal	365,151	0.16	0.09
Niu Hongyan	Personal	70,000	0.03	0.02
Li Chunyi	Personal	50,000	0.02	0.01

Save as disclosed above, as at 30 June 2022, none of the directors, supervisors or chief executive of the Company nor any of their associates had any interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules.

### **Substantial Shareholders**

As at 30 June 2022, so far as is known to the directors, supervisors or chief executive of the Company, the persons (other than a director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

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

<sup>#</sup> Formerly known as “Beijing Chaoyang Auxiliary Food Company”.

*Long positions in the H shares of the Company*

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

(L) –Long Position

*Note:*

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

Save as disclosed above, as far as is known to the directors, supervisors or chief executive of the Company, as at 30 June 2022, no other persons (not being a director, supervisor or chief executive of the Company) had, or were deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



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

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

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

Beijing, PRC  
25 August 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Liwei, Ms. Li Chunyan and Mr. Li Shenlin; the non-executive directors are Mr. Li Jianwen, Ms. Zhang Yan and Mr. Li Shunxiang; and the independent non-executive directors are Mr. Wang Liping, Mr. Chen Liping and Mr. Choi Onward.*

\* *For identification purposes only*