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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 (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	2024.12.31 RMB (Audited)	2023.12.31 RMB (Audited)
Current Assets:			
Cash and bank balances		**652,046,263**	965,738,836
Notes receivable		**–**	–
Accounts receivable	*4*	**1,243,392,844**	1,106,537,484
Prepayments		**849,706,800**	1,006,417,128
Other receivables		**45,943,723**	27,206,687
Inventories		**1,672,686,872**	1,614,980,748
Non current assets due within one year		**–**	38,552,635
Other current assets		**235,830,286**	188,516,920
Total current assets		**4,699,606,788**	4,947,950,438
Non-current assets:			
Other equity instrument investment		**43,000,000**	43,000,000
Other non-current financial assets		**51,320,856**	56,536,513
Investment properties		**135,985,955**	144,411,117
Fixed assets		**655,952,079**	711,768,288
Construction in progress		**140,106,423**	126,502,959
Right-of-use assets		**678,099,099**	532,032,693
Intangible assets		**252,405,597**	261,538,696
Goodwill		**78.951,734**	86,673,788
Long-term prepaid expenses		**92,740,744**	110,094,722
Deferred income tax assets		**24,258,541**	20,521,646
Other non-current assets		**125,173,495**	91,013,831
Non-current assets		**2,277,994,523**	2,184,094,253
TOTAL ASSETS		**6,977,601,311**	7,132,044,691

CONSOLIDATED BALANCE SHEET

	Notes	**2024.12.31**	2023.12.31
		RMB	*RMB*
		(Audited)	(Audited)
Current Liabilities:			
Short-term borrowings		**2,971,227,478**	3,148,009,496
Notes payable		**105,750,092**	301,955,528
Accounts payable	*5*	**555,842,474**	528,664,977
Advance payment		**10,623,739**	9,412,156
Contract liabilities		**544,849,442**	312,190,012
Payroll payable		**1,434,835**	1,571,356
Taxes payable		**26,762,642**	48,080,384
Other payables		**312,058,500**	267,363,145
Non-current liabilities due within one year		**220,038,438**	157,491,015
Other current liabilities		**51,196,836**	51,279,226
Total current liabilities		**4,799,784,476**	4,826,017,295
Non-current liabilities:			
Lease liabilities		**531,371,562**	445,145,916
Estimated liabilities		**–**	–
Deferred income		**11,847,106**	15,437,674
Deferred income tax liabilities		**12,799,892**	12,576,069
Total non-current liabilities		**556,018,560**	473,159,659
TOTAL LIABILITIES		**5,355,803,036**	5,299,176,954

CONSOLIDATED BALANCE SHEET

	Notes	**2024.12.31** ***RMB*** **(Audited)**	2023.12.31 *RMB* (Audited)
SHAREHOLDERS' EQUITY			
Share capital		**412,220,000**	412,220,000
Capital reserves		**605,331,135**	605,177,454
Surplus reserves		**169,059,880**	169,059,880
Undistributed profits	*6*	**139,088,762**	299,762,295
Total equity attributable to shareholders of the parent company		**1,325,699,777**	1,486,219,629
Minority interests		**296,098,498**	346,648,108
TOTAL SHAREHOLDERS' EQUITY		**1,621,798,275**	1,832,867,737
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		**6,977,601,311**	7,132,044,691

CONSOLIDATED INCOME STATEMENT

	Notes	**2024.12.31** ***RMB*** **(Audited)**	2023.12.31 *RMB* (Audited)
I. Total operating income	*7*	**9,634,058,386**	9,467,889,370
Including: Operating income		**9,634,058,386**	9,467,889,370
II. Total operating costs	*7*	**9,764,922,639**	9,453,005,339
Including: Operating costs		**7,877,950,035**	7,536,296,139
Tax and surcharges		**35,180,908**	34,689,764
Selling expenses		**1,488,340,117**	1,488,083,098
Administrative expenses		**247,487,059**	281,647,111
Financial expenses		**115,964,520**	112,289,227
Add: Other income		**11,013,792**	13,939,455
Investment income		**13,082,699**	1,434,309
Gains or losses on changes in fair value		**(4,328,706)**	(15,490,186)
Impairment losses on credits		**(16,515,776)**	(17,667,019)
Asset impairment loss		**(7,722,054)**	–
Gains on disposal of assets		**9,587,235**	16,373,628
III. Operating profit		**(125,747,063)**	13,474,218
Add: Non-operating income		**3,305,489**	30,136,036
Less: Non-operating expenses		**5,578,431**	38,444,199
IV. Total profit		**(128,020,005)**	5,166,055
Less: Income tax expenses	*8*	**22,883,942**	57,906,328
V. Net profit		**(150,903,947)**	(52,740,273)
(I) Classified by business continuity			
1. Net profit from continued operations		**(150,903,947)**	(52,740,273)
2. Net profit from discontinued operations			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		**(160,673,532)**	(75,675,109)
2. Profit or loss attributable to minority interests		**9,769,585**	22,934,836
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 which cannot be reclassified into profit or loss subsequently		**–**	–
Changes in fair value of investments in other equity instruments		**–**	–
Net value of other comprehensive income attributable to minority interests after tax		**–**	–
VII. Total comprehensive income		**(150,903,947)**	(52,740,273)
Total comprehensive income attributable to shareholders of the parent company		**(160,673,532)**	(75,675,109)
Total comprehensive income attributable to minority interests		**9,769,585**	22,934,836
VIII. Earnings per share			
(I) Basic earnings per share	*9*	**(0.39)**	(0.18)
(II) Diluted 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* (北京京客隆超市連鎖集團有限公司) (formerly known as "Beijing Jingkelong Supermarket Chain Company Limited"* (北京京客隆超市連鎖有限公司) before being 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 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 2024.

The controlling shareholder of the Company is Beijing Chaofu State-owned Assets Administration Company Limited* (北京朝富國有資產管理有限公司) (the "**Chaofu Company**") (formerly known as "Beijing Chaoyang Auxiliary Food Company* (北京市朝陽副食品總公司)" before being 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 (hereinafter collectively referred to as "**Accounting Standards for Business Enterprises**"), 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 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 AND SIGNIFICANT ACCOUNTING ESTIMATES

1. Changes in accounting policies

The content and reasons for changes in accounting policies	Remarks
Implementation of “Enterprise Accounting Standards Interpretation No. 17"	(1)
Implementation of the “Provisional Regulations on Accounting Treatment Related to Enterprise Data Resources"	(2)
Implementation of the provision in “Enterprise Accounting Standards Interpretation No. 18” regarding “Accounting Treatment for Guaranty-Type Quality Assurances that Do Not Constitute a Single Performance Obligation"	(3)

Accounting Policy Change Explanation:

(1) Implementation of Enterprise Accounting Standards Interpretation No. 17

The Ministry of Finance released “Enterprise Accounting Standards Interpretation No. 17” (Cai Kuai [2023] No. 21, hereinafter referred to as “**Interpretation No. 17**”) on October 25, 2023.

① Classification of Current Liabilities and Non-current Liabilities

Interpretation No. 17 clarifies:

- If an enterprise does not have a substantive right to defer the settlement of a liability beyond one year after the balance sheet date, that liability shall be classified as a current liability.

- For liabilities arising from loan arrangements, the enterprise’s right to defer the settlement of a liability beyond one year after the balance sheet date may depend on whether the enterprise complies with the conditions specified in the loan arrangement (hereinafter referred to as “**contractual conditions**”). When determining the existence of substantive rights to defer debt settlement, the enterprise should only consider the contractual conditions that should be followed on or before the balance sheet date and should not consider the contractual conditions that the enterprise should follow after the balance sheet date.

- Debt settlement when classifying the liquidity of liabilities refers to the removal of liabilities by the enterprise to the counterparty through the transfer of cash, other economic resources (such as goods or services), or the enterprise’s own equity instruments. If the terms of a liability result in the enterprise settling the liability by delivering its own equity instruments at the option of the counterparty, and if the enterprise classifies that option as an equity instrument and recognizes it separately as an equity component of a composite financial instrument in accordance with the provisions of “Enterprise Accounting Standard No. 37 – Presentation of Financial Instruments”, then that term does not affect the liquidity classification of the liability.

This interpretation is effective from January 1 2024. When implementing this interpretation for the first time, enterprises should adjust the information for comparable periods in accordance with its provisions. The implementation of this provision by the Company has had no impact on its financial position.

② Disclosure Regarding Supplier Financing Arrangements

Interpretation No. 17 requires enterprises, when disclosing information in the notes, to aggregate and disclose information related to supplier financing arrangements to assist users of financial statements in assessing the impact of these arrangements on the enterprise's liabilities, cash flows, and liquidity risk exposures. The impact of supplier financing arrangements should also be considered when identifying and disclosing liquidity risk information. This disclosure requirement applies solely to supplier financing arrangements. Supplier financing arrangements refer to transactions with the following characteristics: One or more financing providers provide funds to pay the enterprise's payables to its suppliers, with an agreement that the enterprise will repay the financing provider on or after the day the supplier receives the funds, according to the terms and conditions of the arrangement. Compared to the original payment due date, supplier financing arrangements extend the enterprise's payment period or advance the collection period for the enterprise's suppliers.

This interpretation is effective from January 1 2024. When implementing this interpretation for the first time, enterprises are not required to disclose relevant information for comparable periods and some opening balance information. The implementation of this provision has had no significant impact on the Company financial position and operating results.

(2) Implementation of the Interim Provisions on Accounting Treatment for Enterprise Data Resources

The Ministry of Finance issued the "Interim Provisions on Accounting Treatment for Enterprise Data Resources" (Cai Kuai [2023] No. 11) on August 1 2023. These provisions apply to data resources recognized as assets such as intangible assets or inventories in accordance with the relevant provisions of enterprise accounting standards, as well as data resources that are legally owned or controlled by enterprises and are expected to bring economic benefits to the enterprises, but do not meet the asset recognition criteria and have not been recognized. The provisions also put forward specific requirements for the disclosure of data resources.

These provisions will be effective from January 1 2024. Enterprises should adopt the future applicability method, and relevant expenses related to data resources that have already been expensed and included in profit or loss before the implementation of these provisions do not need to be adjusted. The implementation of these provisions has had no impact on the Company financial position and operating results.

(3) Implementation of the Provision in Enterprise Accounting Standards Interpretation No. 18 Regarding the Accounting Treatment of Warranty-Type Quality Assurances that Do Not Constitute a Single Performance Obligation

The Ministry of Finance issued "Enterprise Accounting Standards Interpretation No. 18" (Cai Kuai [2024] No. 24, hereinafter referred to as "**Interpretation No. 18**") on December 6, 2024. This interpretation is effective from the date of issuance and allows enterprises to implement it in advance from the year of issuance.

Interpretation No. 18 stipulates that when accounting for estimated liabilities arising from warranty-type quality assurances that do not constitute a single performance obligation, enterprises should, in accordance with the relevant provisions of "Enterprise Accounting Standard No. 13 – Contingencies," debit "Cost of Goods Sold," "Other Operating Costs," and other relevant accounts based on the determined amount of estimated liabilities, and credit the "Estimated Liabilities" account. The amounts should be presented accordingly in the "Operating Costs" section of the income statement and in items such as "Other Current Liabilities," "Non-current Liabilities Due within One Year," and "Estimated Liabilities" in the balance sheet.

When enterprises first implement the content of this interpretation, if the original accrual of warranty-type quality assurances was included in "Selling Expenses," they should make retroactive adjustments in accordance with changes in accounting policies. The Company has implemented this provision since the 2024 fiscal year, and it has had no significant impact on its financial position and operating results.

2. Changes in Significant Accounting Estimates

No changes have occurred in the major accounting estimates during the Reporting Period.

4. ACCOUNTS RECEIVABLE

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

	2024.12.31 *RMB* (Audited)			
Aging	**Carrying amount**	**Proportion%**	**Impairment losses on credits**	**Net book value**
Within 1 year	**1,051,213,659**	**79**	**2,045,108**	**1,049,168,551**
1-2 years	**95,915,443**	**7**	**7,762,907**	**88,152,536**
2-3 years	**108,533,579**	**8**	**11,938,406**	**96,595,173**
3-4 years	**10,411,852**	**1**	**3,013,059**	**7,398,793**
4-5 years	**11,076,660**	**1**	**8,998,869**	**2,077,791**
Over 5 years	**49,329,943**	**4**	**49,329,943**	**0**
Total	**1,326,481,136**	**100**	**83,088,292**	**1,243,392,844**

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.

As of 31 December 2024, the ownership of the total accounts receivable amounting to RMB4,698,691 from Shanxi MeetAll Chain Supermarket Co., Ltd. was restricted due to obtaining bank borrowings through factoring arrangements with these accounts receivable.

According to the factoring agreement signed with the Taiyuan Jiefang Road Sub-branch of Industrial and Commercial Bank of China Limited (hereinafter referred to as the "**ICBC**"), the ICBC provides the Company with bank loans not exceeding the agreed-upon revolving factoring limit in the contract. The ICBC collects the entire amount of the pledged accounts receivable and only pays the Group the amount that exceeds the loan amount. Since the Group has neither transferred a specific and identifiable portion of the cash flows nor transferred a certain proportion of all cash flows or a certain proportion of a specific and identifiable portion of the cash flows, the Group cannot apply the derecognition model to the factored portion of the accounts receivable.

Since the bank has the right of recourse to the factored accounts receivable, the Group has not transferred the significant risks and rewards associated with the ownership of these accounts receivable. Therefore, the Group continues to recognize the accounts receivable and recognizes the cash received from the bank as a loan obtained through factoring of accounts receivable.

As of 31 December 2024, and 31 December 2023, there were no accounts receivable due from shareholders holding 5% or more of the Company's shares with voting right.

5. ACCOUNTS PAYABLE

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

Item	**2024** ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Within 1 year	**536,086,544**	500,113,480
1-2 years	**7,097,080**	14,398,689
2-3 years	**4,499,232**	5,641,108
Over 3 years	**8,159,618**	8,511,700
Total	**555,842,474**	528,664,977

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 2024 (Audited)		
Undistributed profits at the beginning of year	**299,762,294**	
Add: Net profit attributable to the shareholders of the parent company for the year	**(160,673,532)**	
Less: Appropriation to statutory surplus reserve		**10%**
Ordinary shares' dividends payable		
Other items		
Undistributed profits at the end of the year	**139,088,762**	
For the year ended at 31 December 2023 (Audited)		
Undistributed profits at the beginning of year before adjustment	376,050,511	
Adjusting the total undistributed profits at the beginning of the year		
Undistributed profits at the beginning of the year after adjustment		
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 items	613,107	
Undistributed profits at the end of the year	299,762,295	

(1) Approved and Proposed Cash Dividends by the Shareholders' Meeting

Pursuant to the ordinary resolutions passed at the 2022 annual general meeting of the Company 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 2023 annual general meeting of the Company held on 28 June 2024, no final dividend in respect of year ended 31 December 2023 was declared.

As the net profit (loss) attributable to the shareholders of the parent company for the Reporting Period was RMB(160,673,532), on 28 March 2025, 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 2024 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 2025. The above proposal of not distributing a final dividend is subject to the consideration and approval at the upcoming 2024 annual general meeting of the Company to be held on 16 May 2025.

(2) Surplus Reserves Drawn by Subsidiaries

As of 31 December 2024, the balance of undistributed profits of our Group included surplus reserves drawn by our subsidiaries in the current year, amounting to RMB9,557,865 (31 December 2023: RMB17,056,040).

7. OPERATING INCOME AND OPERATING COST

(1) Operating income and operating cost

Item	**2024 *RMB* (Audited) Income**	**2024 Cost**	2023 *RMB* (Audited) Income	2023 Cost
Principal businesses	**8,594,063,613**	**7,823,659,516**	8,491,153,613	7,497,601,507
Other businesses	**1,039,994,773**	**54,290,519**	976,735,757	38,694,632
Total	**9,634,058,386**	**7,877,950,035**	9,467,889,370	7,536,296,139

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

Item	**2024 *RMB* (Audited) Principal operating income**	**2024 Principal operating cost**	2023 *RMB* (Audited) Principal operating income	2023 Principal operating cost
Retail	**2,525,448,365**	**2,127,048,269**	2,977,312,943	2,514,597,839
Wholesale	**6,063,476,596**	**5,693,477,065**	5,495,746,039	4,972,587,291
Others	**5,138,652**	**3,134,182**	18,094,631	10,416,377
Total	**8,594,063,613**	**7,823,659,516**	8,491,153,613	7,497,601,507

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

8. INCOME TAX EXPENSES

(1) Details of income tax expenses

Item	**2024** ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Current income tax expense calculated in accordance with tax laws and relevant regulations	**26,053,177**	53,445,658
Deferred income tax expense	**(3,169,235)**	4,460,670
Total	**22,883,942**	57,906,328

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

Item	**2024** ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Total profit	**(128,020,005)**	5,166,055
Income tax expenses calculated at statutory/applicable tax rate	**(32,005,001)**	1,291,514
Effect of subsidiaries adapting different tax rates	**(1,350,855)**	(205,945)
Effect of adjusting the previous years' income tax	**343,245**	(1,239,616)
Effect of non-taxable income	**(1,075,000)**	
Effect of non-deductible costs, expenses and losses	**6,382,524**	6,694,215
Effect of using deductible losses of previously unrecognized deferred tax assets	**(3,402,316)**	(1,308,802)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets	**53,991,345**	52,674,962
Total	**22,883,942**	57,906,328

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	**2024** ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Net profit attributable to ordinary shareholders for the current year	**(160,673,532)**	(75,675,109)
Including: Net profit from continuing operations	**(160,673,532)**	(75,675,109)

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	**2024** ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Number of ordinary shares outstanding	**412,220,000**	412,220,000

Earnings per share

Item	**2024** ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Calculated based on net profit and net profit from continuing operations attributable to shareholders of the parent company		
Basic earnings per share	**(0.39)**	(0.18)
Diluted earnings per share	**N/A**	N/A

At the date of report, the Company had no dilutive potential ordinary shares.

10. NET CURRENT ASSETS

Item	**2024.12.31** ***RMB*** **(Audited)**	2023.12.31 *RMB* (Audited)
Current assets	**4,699,606,788**	4,947,950,438
Less: Current liabilities	**4,799,784,476**	4,826,017,295
Net current assets	**(100,177,688)**	121,933,143

11 TOTAL ASSETS LESS CURRENT LIABILITIES

Item	**2024.12.31** ***RMB*** **(Audited)**	2023.12.31 *RMB* (Audited)
Total assets	**6,977,601,311**	7,132,044,691
Less: Current liabilities	**4,799,784,476**	4,826,017,295
Total assets less current liabilities	**2,177,816,835**	2,306,027,396

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, with the thorough implementation of the decisions and arrangements of the Central Committee of the Chinese Communist Party and the State Council, a series of policies to expand domestic demand and boost consumption demonstrated strong effects. The consumer market achieved steady growth driven by new business forms and consumption hotspots, and the demand for service consumption continued to unleash, the sales of necessities and certain upgrading goods showed accelerated growth, and online consumption sustained a relatively rapid growth. However, in 2024, the international environment was complex and intricate, with weak momentum for global economic growth, escalating geopolitical conflicts, and intensifying trade protectionism. Besides these market environment factors, the rent for the Group's stores rose sharply, which undoubtedly brought heavy pressure on the Group's development. Facing the complex internal and external situations, the Group actively adapted and implemented a variety of loss-reduction measures to strive to reverse the loss situation: the Group continuously focused on the development of purposeful categories, constantly optimized the product structure, launched on-site production items, advanced the construction of the logistics system, and boldly innovated traditional business strategies and other series of measures. By adhering to the general tone of "seeking progress while maintaining stability, promoting stability through progress, establishing before breaking through", despite the challenges, the Group strived forward vigorously to build a solid foundation for high-quality development.

RETAIL BUSINESS

The total number of the Group's retail outlets was 100 as at 31 December 2024. The following table sets out the number and net operating area of the Group's retail outlets as at 31 December 2024:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	1	8	38	45	92
Franchise-operated	–	–	–	8	8
Total	**1**	**8**	**38**	**53**	**100**
Net operating area (square metres):					
Directly-operated	20,636	44,864	67,584	7,728	140,812
Franchise-operated	–	–	–	2,026	2,026
Total	**20,636**	**44,864**	**67,584**	**9,754**	**142,838**

During the Reporting Period, one (1) new franchise-operated convenience store was set up, whereas one (1) hypermarket was transformed into a supermarket, 11 supermarkets, 21 directly-operated convenience stores and two (2) franchise-operated convenience stores were closed due to expiration of the lease and adjustment of business strategy.

Continuously Creating Purposeful Categories

During the Reporting Period, the Group continuously optimized its supply chain, strictly controlled the circulation of goods, and made every effort to ensure the safe, healthy and stable supply of vegetables, fruits and meat products. The Group implemented a strategy of focusing on key products and strengthened the procurement from key product bases. The Group continuously enriched the variety of goods, increased the coverage of organic vegetables in stores, and selectively added products with strong regional characteristics. At the same time, the Group focused on providing high-quality and cost-effective products, introduced self-operated best-selling parts of meat, built its own pork processing workshop, and promoted self-operated small packages of meat. The sales volume of individual items and the sales volume of major categories increased significantly, reshaping the brand image of meat products of Jingkelong.

Optimizing the Commodity Structure to Enhance Product Competitiveness

During the Reporting Period, the Group redefined product classifications scientifically, dividing them into four levels and refining nearly a thousand subcategories based on the shopping habits of consumers. The Group optimized the commodity structure, enriched irreplaceable products and effectively improved product turnover efficiency while reducing the management costs. The Group continued to build core product clusters for the main commodities of people's livelihood, established a long-term price tracking mechanism, and maintained the price index at a reasonable level. The Group optimized the marketing model, increased the promotion of bundled products, attracted customers by leveraging hot-selling products, and enhanced product competitiveness.

Remarkable Results in On-Site Production Items

During the Reporting Period, the Group focused on creating the "Neighborhood Kitchen" scene for Jingkelong. The Group promoted on-site production items in multiple stores throughout the year, developing business varieties including hot braised dishes, light meals, staple foods, and baked goods, further satisfying the diversified needs of consumers through the integration of different product varieties. The Group explored the real-time consumption scene, setting up dining areas in some of its stores to provide convenient services for consumers, thus stimulating the store vitality and consumption momentum. The Group also formed an internal on-site production specialist team to carry out vocational training and technical competitions, which largely improved the management levels of on-site operations of each store.

Effectively Enhancing Customer Attraction on Membership Products

During the Reporting Period, the Group focused on innovation in the design of the membership system, implementing a refined selection strategy for membership products. The Group evaluated and eliminated products on a monthly basis, and continuously optimized the membership product structure to enhance the consumption experience of members. During the year, there were nearly 500,000 new members and nearly 100,000 memberships were reactivated, with a year-on-year increase in the number of monthly active members and a notable enhancement in member loyalty. Additionally, the Group built experimental elderly-friendly supermarkets, carried out elderly-oriented transformation in terms of software and hardware, strengthened elderly-oriented services, and introduced healthy and green food and dietary supplement products, thus fostering new sales growth points.

Constantly Advancing Logistics Service Capabilities

During the Reporting Period, the Group optimized inventory management at its ambient distribution center, establishing a purchase control mechanism linked with procurement, and a weekly traceability and monthly analysis mechanism, with a year-on-year decrease in delivery turnover days and an increase in turnover frequency. The Group constantly optimized its operational processes by relocating high-demand goods closer to the selection area, effectively reducing the selection time. The fresh food distribution center strictly controlled the quality of goods by increasing the frequency of sampling inspection of goods, introducing multiple quality standards such as fruit maturity, taste and sugar content, and further improved and refined the standards for pork inspection and processing, which effectively improved the quality control of goods.

Empowering and Solidifying Operations with Digital Intelligence Technologies

During the Reporting Period, the Group actively implemented retail business system projects, fully upgraded technical infrastructure, and built a digital foundation based on internet technologies, laying the foundation for the digital transformation and intelligent upgrading of business processes. The Group completed the underlying data modeling of the data center, which provided the basis for further improvement of the data index system. The Group also upgraded the financial management system, promoted the integration of industry and finance, and strengthened the Group's financial control capabilities. The Group continued to strengthen network security and data security to ensure the compliant operation of information systems. The Group adopted multiple measures to strengthen the information technology infrastructure and ensure the steady development of its digital business.

Strengthening Food Safety Management and Primary Accountability

During the Reporting Period, the Group implemented the food safety control mechanism of "daily control, weekly inspection, monthly scheduling". The Group actively organized food safety self-inspections and special inspections, and established a tracking mechanism to ensure food safety. The Group orderly promoted food safety training throughout the year, and enhanced general knowledge on a number of topics such as agricultural product quality and safety supervision, on-site production food safety management, commodity access and manufacturer qualification management. The Group carried out legal awareness campaigns in line with food safety related laws and regulations. The Group improved and revised its food safety and quality management system to ensure the comprehensiveness and effectiveness of food safety management, and effectively improved the level of food safety risk prevention and control.

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		
	2024	2023	Increase/
	RMB'000	*RMB'000*	(Decrease)
	(Audited)	(Audited)	
Retail business			
Hypermarkets	**732,304**	855,152	(14.4%)
Supermarkets	**1,609,944**	1,889,557	(14.8%)
Convenience stores	**183,200**	232,602	(21.2%)
Department stores	**0**	2	(100%)
Total retail principal operating income	**2,525,448**	2,977,313	(15.2%)
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**15.8%**	15.5%	0.3%

During the Reporting Period, the Group's main business revenue from the retail business decreased by approximately 15.2%. The main reasons are as follows: in 2024, the Group closed some stores due to lease expiration and business strategy adjustment, resulting in a decline in sales.

During the Reporting Period, the gross profit margin of the directly-operated retail business (excluding department stores) increased from approximately 15.5% in the same period of 2023 to 15.8%. This is mainly attributed to the following factors: continuously creating purposeful categories, optimizing the supply chain and promoting the large single-product strategy; optimizing the commodity structure and building core commodity clusters; introducing on-site production items, creating new scenarios, expanding product categories, enhancing consumer stickiness to increase added value, which led to the increase in the gross profit margin.

WHOLESALE BUSINESS

Further Enhancing Logistics Management Capabilities

During the Reporting Period, the Group comprehensively promoted the construction of an integrated logistics system characterized by "smartness, high quality, high efficiency, value-added, and greenness", continuously enhancing the level of logistics management and improving the ability to serve customers, providing support and guarantee for the orderly operation of the company's business. By using the logistics TMS transportation management system, the Group achieved digitalization and informatization of the entire transportation process. Through visual dashboards, in-transit monitoring, and real-time anomaly management, the Group optimized the dispatching routes and personnel allocation, increased the vehicle loading rate, and further enhanced the digital management level of logistics. The Group strengthened the rational layout of logistics warehouse areas, promptly analyzed and adjusted storage space, dynamically presented the vacant area within the warehouse, actively expanded warehouse and distribution customers, and maximized the utilization rate of warehouse capacity. The Group also continuously improved the ability to manage inventory, accelerated the turnover frequency of goods, and achieved efficient logistics operations.

Constantly Improving Third-party Service Capabilities

During the Reporting Period, the Group further emphasized value-added logistics services to meet the personalized needs of customers, and vigorously promoted the "integrated" customer service model of third-party logistics, warehousing and distribution, inventory management, etc. By using modern cold chain logistics warehouses that integrate freezing and refrigeration, the Group provided customers with professional, standardized, and efficient cold chain logistics and distribution services. This effectively extended the value-added service chain of third-party logistics and provided full-process services for warehousing and distribution, further enhancing the profitability of logistics.

Deeply Exploring Marketing Potential

During the Reporting Period, while consolidating the existing business, the Group focused on the supermarket channels in Beijing. The Group advanced the realization of various online marketing models such as B2B, B2C, live-streaming sales, and WeChat mini-programs, closely following the changes in consumers' purchasing habits. The proportion of sales through the e-commerce channel module gradually increased. The Group continued to accelerate the development of all channels, continuously expanding various forms such as group purchasing and internal sales, introducing "high-quality" products, driving "high-quality" consumption, and reaching a broader customer base, further enhancing marketing penetration. The Group also continuously advanced the construction of specialized storage areas for central kitchens , laying a solid foundation for the refined processing and supply of group meals, and achieving an upgrade of "products + services".

Deepening the Construction of Brand Product Matrix

During the Reporting Period, the Group closely followed consumption trends and promoted a full-category marketing strategy. The Group expanded the daily delivery business of ambient temperature milk and the e-commerce business of well-known brands in both Beijing and Tianjin, continuously increasing sales shares. The Group continuously built an efficient and professional marketing team, intensified the development of its self-developed brands, co-branded products, and customized goods, and operated multiple self-developed brands such as Yinya (銀雅), Mr. Miao (喵少爺), Zhaoxi Kitchen (朝夕相廚), and Shengxinyi (盛心怡).

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		
	2024	2023	Increase/
	RMB'000	*RMB'000*	(Decrease)
Wholesale principal operating income recognized by Chaopi Group*	**6,323,920**	5,796,548	9.1%
Less: Intersegment Sales	**(260,443)**	(300,802)	(13.4%)
Total wholesale principal operating income	**6,063,477**	5,495,746	10.3%
Gross profit margin** (%)	**6.1%**	9.5%	(3.4%)

* *Chaopi Group means Beijing Chaopi Trading Company Limited* (北京朝批商貿股份有限公司) ("**Chaopi Trading**") and its subsidiaries.*

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

During the Reporting Period, the main business revenue of the wholesale business increased by approximately 10.3%. This was mainly due to the growth in the wine business, cross-border business, and e-commerce sales.

During the Reporting Period, the gross profit margin of Chaopi Trading and its subsidiaries was 6.1%, compared with 9.5% in the same period of 2023. The main reasons are as follows: The procurement costs of some goods have increased. Moreover, affected by the overall market environment, the market prices have remained stable without any improvement, and the sales through traditional channels are not optimistic, resulting in a decrease in the gross profit margin.

FINANCIAL RESULTS

	For the 12 months ended 31 December		
	2024	2023	Increase/
	RMB'000	*RMB'000*	(Decrease)
Principal operating income	**8,594,064**	8,491,154	1.2%
Gross profit	**770,404**	933,552	(17.5%)
Gross profit margin (%)	**9%**	11.7%	(2.7%)
Earnings before interest and tax	**(15,744)**	123,035	(112.8%)
Net profit	**(150,904)**	(52,740)	(186.1%)
Net profit margin (%)	**(1.6%)**	(0.6%)	(1%)
Net profit attributable to shareholders of the parent company	**(160,674)**	(75,675)	(112.3%)
Net profit margin attributable to shareholders of the parent company (%)	**(1.7%)**	(0.9%)	(0.8%)

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's main business revenue increased by approximately 1.2%. Among them, the main business revenue from retail decreased by approximately 15.2%, while the main business revenue from wholesale increased by approximately 10.3%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group's gross profit decreased by approximately 17.5% compared with the same period last year. The gross profit margin decreased by approximately 2.7% compared with the same period last year, mainly due to the reduction in the gross profit margin of the wholesale business, which accounts for a relatively large proportion of sales.

OTHER OPERATING INCOME

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

During the Reporting Period, the Group's other business revenue increased from RMB976,735,757 in 2023 to RMB1,039,994,773 in 2024, representing an increase of approximately 6.5%. This is mainly due to the change in the way some e-commerce manufacturers write off promotional expenses. They are now written off in the form of other business revenue, resulting in an increase in other business revenue compared with the same period last year.

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.

During the Reporting Period, the Group's selling expenses amounted to RMB1,488,340,117. It is basically on par with that in 2023. which is basically on par with that in 2023 (RMB1,488,083,098).

ADMINISTRATIVE EXPENSES

The management expenses of the Group mainly refer to salaries and benefits, depreciation and amortization, consulting fees, audit fees, etc.

The Group's administrative expenses in 2024 amounted to RMB247,487,059, representing a decrease of approximately 12.1% compared with the same period in 2023. The decrease was mainly due to (1) the decrease in assets, resulting in a decrease in depreciation; (2) labor cost reduction.

FINANCIAL EXPENSES

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

During the Reporting Period, the Group's financial expenses increased from RMB112,289,227 in 2023 to RMB115,964,520 in 2024. The main reason for the increase is the increase in exchange gains and losses due to exchange rate fluctuations, resulting in an increase in financial expenses.

INCOME TAX EXPENSES

The Group's subsidiary Chaopi International Trading (HK) Limited ("**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.

The income tax decreased from RMB57,906,328 in 2023 to RMB22,883,942 in 2024. The main reasons are as follows: Affected by the overall market environment and the impact of the development of e-commerce, the gross profit amount has been impacted. Eventually, it has led to a decrease in the total profit, and the income tax expense has decreased compared with the same period.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

During the Reporting Period, the net profit attributable to the shareholders of the parent company this year decreased by approximately 112.3%, from RMB(75,675,109) in 2023 to RMB(160,673,532) in 2024. The main reason is that: affected by the increase in rent, the net profit attributable to the shareholders of the parent company has decreased.

BASIC EARNINGS PER SHARE

In 2024, the Group's basic earnings (loss) per share was approximately RMB (0.39), calculated based on 412,220,000 shares. The basic earnings (loss) per share in 2023 was approximately RMB (0.18). The main reason for this is the decrease in the net profit attributable to the shareholders of the parent company.

LIQUIDITY AND FINANCIAL RESOURCES

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

As of 31 December 2024, the Group's non-current assets amounted to RMB2,277,994,523 (mainly including fixed assets, investment real estate and land use rights totaling RMB1,024,117,596), and its non-current liabilities were RMB556,018,560 (mainly including lease liabilities of RMB531,371,562).

As of 31 December 2024, the Group's current assets amounted to RMB4,699,606,788. The current assets mainly included monetary funds of RMB652,046,263, inventories of RMB1,672,686,872, accounts receivable and notes receivable of RMB1,243,392,844, and prepayments and other receivables of RMB895,650,523. The total current liabilities of the Group amounted to RMB4,799,784,476. The current liabilities mainly included accounts payable and notes payable totaling RMB661,592,566, short-term borrowings of RMB2,971,227,478, contract liabilities of RMB544,849,442, and other payables of RMB312,058,500.

INDEBTEDNESS AND PLEDGE OF ASSETS

As of 31 December 2024, the total borrowings of the Group amounted to RMB2,971,227,478, including bank borrowings of RMB4,698,691 through factoring of accounts receivable, guaranteed borrowings of RMB2,685,409,500, credit borrowings of RMB274,184,951, and unpaid interest on borrowings due in the future of RMB6,934,336. All bank borrowings of the Group bear an annual interest rate ranging from 2.6% to 3.8%.

As of 31 December 2024, the debt-to-asset ratio* of the Group was approximately 76.76%.

* *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 2024, the Group employed 4,084 employees in the PRC (31 December 2023: 4,370). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB686,735,696 (2023: RMB720,988,340). 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% (2023: 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 RMB67,879,810 for the Reporting Period (2023: RMB68,332,543).

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 90 seminars during the year, and all employees have benefited from them.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS IN RELATION TO THE 2024 LEASE AGREEMENTS AND THE SUPPLEMENTAL LEASE AGREEMENTS

Reference is made to the announcement of the Company dated 10 May 2024 (the "**Announcement**") and the circular published on 7 June 2024 (the "**Circular**"). Unless otherwise specified, capitalized terms used in this section shall have the meanings as defined in the Circular.

As the Board intended to lease and continue to lease certain properties located in Chaoyang District, Beijing and leased under the Existing Lease Agreements, on 10 May 2024, (i) the Company (as lessee) entered into the 2024 Chaofu Lease Agreement, 2024 Jin Chaoyang Lease Agreement, 2024 Hongchao Weiye Lease Agreement I and 2024 Hongchao Weiye Lease Agreement III with Chaofu Company* (朝富公司), Jin Chaoyang* (金朝陽) and Hongchao Weiye* (弘朝偉業) (each as lessor), respectively, and (ii) Chaopi Trading* (朝批商貿) (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2024 Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor). Except for the lease term of 2024 Hongchao Weiye Lease Agreement III which commenced on 1 July 2024 and will end on 30 June 2025, the renewed lease terms of the aforesaid agreements all commenced on 1 July 2024 and will end on 30 June 2029.

The fixed total rent of each of 2024 Chaofu Lease Agreement, 2024 Hongchao Weiye Lease Agreement I, 2024 Hongchao Weiye Lease Agreement II, 2024 Hongchao Weiye Lease Agreement III, and 2024 Jin Chaoyang Lease Agreement is RMB2,933,260.67, RMB346,567,769.81, RMB45,608,437.23, RMB1,252,649.21 and RMB76,342,333.47, respectively.

On the same date (10 May 2024), (i) the Company (as lessee) entered into the Supplemental Chaofu Lease Agreement, Supplemental Hongchao Weiye Lease Agreement I and Supplemental Jin Chaoyang Lease Agreement with Chaofu Company, Hongchao Weiye and Jin Chaoyang (each as lessor), respectively; and (ii) Chaopi Trading (as lessee) entered into the Supplemental Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor), to revise the fixed total rent under the 2023 Lease Agreements.

Under the Supplemental Chaofu Lease Agreement, the fixed total rent under the 2023 Chaofu Lease Agreement is revised from RMB333,559.57 to RMB2,461,157.83. Under the Supplemental Hongchao Weiye Lease Agreement I, the fixed total rent under the 2023 Hongchao Weiye Lease Agreement I is revised from RMB4,225,047.81 to RMB40,960,512.59. Under the Supplemental Hongchao Weiye Lease Agreement II, the fixed total rent under the 2023 Hongchao Weiye Lease Agreement II is revised from RMB472,260.37 to RMB4,741,001.79. Under the Supplemental Jin Chaoyang Lease Agreement, the fixed total rental under the 2023 Jin Chaoyang Lease Agreement is revised from RMB1,834,125 to RMB8,212,500.

As at the date of the 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 both connected persons of the Company. Further, Chaopi Trading is a non-wholly owned subsidiary of the Company.

Given that (i) the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are of a similar nature and were all entered into within 12 months, and (ii) the lessors under the 2024 Lease Agreements are the same as those under the 2023 Lease Agreements, and they belong to the same group of connected persons, the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are required to be aggregated pursuant to the Listing Rules.

Pursuant to Chapter 14 of the Listing Rules, on an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements is more than 100%, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder constitute very substantial acquisitions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, in view of the connected relationship set out above, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company under Chapter 14A of the Listing Rules. On an aggregate basis, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements exceeds the 5% threshold, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are also subject to the reporting, announcement, circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the annual general meeting of the Company held on 28 June 2024, the resolutions in relation to the above very substantial acquisition and connected transactions were approved by independent shareholders and therefore the said agreements have become effective.

For further details, please refer to the Announcement and the Circular.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

LITIGATION

In 2002, the Company entered into a land acquisition and compensation agreement with the People's Government of Guanzhuang Township, Chaoyang District, Beijing* (北京市朝陽區管莊鄉人民政府) (the "**Guanzhuang Township Government**"), pursuant to which the Guanzhuang Township Government transferred 243.71 unit of area (in mu) of collective land under the jurisdiction of Guanzhuang Township Government to the Company for the construction of a distribution and fresh food processing center, and the Company shall pay the total compensation of RMB60,440,000 to the Guanzhuang Township Government. On 13 November 2006, the Company and the Guanzhuang Township Government entered into a supplementary agreement in respect of the above land transfer, and the Guanzhuang Township Government increased the compensation to RMB97,484,000. On 20 November 2006, the Company further 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, and the Guanzhuang Township Government authorized the AICC to collect the compensation. Upon signing of the above agreements, the Company paid a total compensation of RMB45,132,000 to Guanzhuang Township Government and the AICC successively. Due to the change of planned use and other reasons, the contract purpose (i.e. the Company's construction of distribution and fresh food processing center) could not be fulfilled, and the above agreements could no longer be performed. In order to recover the compensation paid and safeguard the legal rights of the Company, the Company filed a lawsuit against the Guanzhuang Township Government and the AICC with the Beijing Chaoyang District People's Court* (北京市朝陽區人民法院) in July 2022, it sought to declare that the land compensation agreement and supplementary agreements entered into with the Guanzhuang Township Government be held invalid, and requested the Guanzhuang Township Government and AICC to return the compensation fee of RMB45,132,000 and related interest accrued during the period of their retention of the compensation fee. The Company returned the land to Guanzhuang Township Government on 24 November 2022. On 27 May 2024, the Beijing Chaoyang District People's Court handed down a first-instance judgment for the case ordering the Company to pay the land leveling fees in an amount of RMB206,700 to the Guanzhuang Township Government and restore the disputed land to conditions suitable for cultivation, it also dismissed all claims made by the Company and other counterclaims of Guanzhuang Township Government. The Company has appealed against the judgment, and as at the date of this announcement, the legal proceedings of the second instance are still in progress.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, no important events affecting the operation and financial performance of the Group significantly have occurred since 31 December 2024.

STRATEGIES AND PLANS

In 2025, the domestic effective demand, residents' consumption capacity and willingness are yet to be improved, and sales of certain goods and service consumption requiring enhancement. China still needs to focus on expanding domestic demand, fully stimulating consumption potential, and boosting consumer confidence. In the context of the overall improvement of the consumer market and the gradual expansion of new forms and models of consumption, the Group will return to the essence of commerce, strengthen strategic resolve, comprehensively enhance product and service capabilities, solidify and optimize core business formats, and achieve transformation and upgrading, following a stable and practical path to high-quality development.

In terms of retail business, the Group will prioritize brand building to reshape the Jingkelong brand image. The Group will further develop its targeted categories, expand the breadth and depth of categories, and create competitive categories. The Group will further cultivate made-on-site items, optimize products and enhance standardization capabilities; continuously refine membership strategies to achieve precise marketing and personalized services. Centering on its strategic planning, the Group will build a diversified and multi-skilled talent pool to stimulate the vitality of employees.

In terms of wholesale business, the Group will center its efforts on high-quality development as its core mission and actively implement the "goods + service" business philosophy. The Group will fully advance the layout of omni-channel networks and strengthen the operation of conventional channel business. The Group will also persistently explore new business scenarios, strengthen cross-industry collaborations with brands and suppliers, and accelerate the development of proprietary brands and co-branded products. The Group will further broaden the scope of tripartite logistics services, revitalize idle warehouse resources, create additional revenue streams, and comprehensively enhance logistics operation and service capabilities.

OTHER INFORMATION

Corporate Governance

In the opinion of the directors, the Company has complied with the principles and all the code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Part 2 of Appendix C1 of the Listing Rules during the Reporting Period, save for code provisions B.2.2 and C.5.1 as set out below.

1. Code provision B.2.2 of Part 2 of the Corporate Governance Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association stipulates that each director shall be elected at the shareholders' meeting and the employee representative meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Considering the continuity of the Group's operation and management policies, the Company's Articles of Association currently contain no express provision for directors' retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

2. Code provision C.5.1 of Part 2 of the Corporate Governance Code requires that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. As the Company does not disclose quarterly results, the Board considers that holding quarterly meetings is not necessary. The Board will convene meetings when it is necessary to make Board-level decisions on specific matters and in other circumstances. During the Reporting Period, the Board held only three meetings to review and discuss the Company's annual results, interim results, and to consider the Company's very substantial acquisition and connected transactions, and thus deviate from the aforementioned provision of the Corporate Governance Code.

Director's Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 of the Listing Rules. Having made specific enquiries with all directors, all the directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code and the Company's code of conduct regarding their securities transactions throughout the Reporting Period.

Audit Committee

The audit committee of the Company has reviewed the Group's 2024 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 BDO CHINA Shu Lun Pan Certified Public Accountants LLP

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 2024 as set out in this announcement are consistent with the amounts reported in the consolidated financial statements of the Group audited by the Group's auditor, BDO CHINA Shu Lun Pan Certified Public Accountants LLP. The work performed by BDO CHINA Shu Lun Pan Certified Public Accountants LLP 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 BDO CHINA Shu Lun Pan Certified Public Accountants LLP on this announcement.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Distribution of Dividends

Due to the net profit(loss) attributable to the shareholders of the parent company amounting to RMB(160,673,532) 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 2024 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 2025.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 9 May 2025 to Friday, 16 May 2025, 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 Thursday, 8 May 2025 are entitled to attend and vote at the annual general meeting of the Company for the year ended 31 December 2024 (the "**2024 Annual General Meeting**") following completion of the registration procedures. To qualify for attendance and voting at the 2024 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 Thursday, 8 May 2025. 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 Thursday, 8 May 2025 are entitled to attend and vote at the 2024 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.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting will be held on Friday, 16 May 2025. The notice of the 2024 Annual General Meeting will be electronically disseminated to the Shareholders together with the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"), and will also be available on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (the "**HKExnews website**") and the website of the Company.

PUBLICATION OF 2024 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 2024 Annual Report will be available on the HKExnews website and the website of the Company, and electronically disseminated to Shareholders on or about Wednesday, 30 April 2025.

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

Beijing, PRC
28 March 2025

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.