



# 北京京客隆

商业集团股份有限公司  
BEIJING JINGKELONG COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code : 814)





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Zhang Liwei (*Chairman*)  
Ms. Wang Hong  
Mr. Zhang Hongbo  
Mr. Yang Wensheng (*appointed as an executive Director on 12 January 2024*)  
Mr. Li Shenlin (*resigned as an executive Director on 12 January 2024*)

### NON-EXECUTIVE DIRECTORS

Mr. Li Jianwen  
Ms. Zhang Yan

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kot Man Tat  
Mr. Wang Liping  
Mr. Chen Liping

### AUDIT COMMITTEE

Mr. Kot Man Tat (*Chairman*)  
Mr. Wang Liping  
Mr. Chen Liping

### REMUNERATION COMMITTEE

Mr. Wang Liping (*Chairman*)  
Mr. Zhang Liwei  
Mr. Chen Liping

### NOMINATION COMMITTEE

Mr. Chen Liping (*Chairman*)  
Mr. Zhang Liwei  
Mr. Wang Liping

## SUPERVISORS

Mr. Wang Liming (*Chairman*)\*  
Mr. Yang Baoqun\*  
Mr. Chen Zhong\*  
Mr. Wang Deshan\*  
Ms. Niu Hongyan\*  
Ms. Li Chunyi\*

\* The Company no longer set up a supervisory committee and all of the supervisors resigned as supervisors of the Company accordingly with effect from 1 July 2024.

## COMPANY SECRETARY

Ms. Pan Xuemin

## AUTHORISED REPRESENTATIVES

Ms. Wang Hong  
Ms. Pan Xuemin

## AUDITORS

BDO CHINA Shu Lun Pan Certified Public Accountants LLP

## LEGAL ADVISERS

### As to Hong Kong law:

Reed Smith Richards Butler LLP

### As to PRC law:

Beijing Kangda Law Firm

## PRINCIPAL BANKERS

### *AGRICULTURAL BANK OF CHINA*

Beijing Guanghua Road Branch  
4 Guanghua Road  
Chaoyang District  
Beijing, PRC

### *BANK OF BEIJING*

Jiulongshan Branch  
117th Building  
Jinsong Dongkou Nongguang Lane  
Beijing, PRC

## H SHARES REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services  
Limited  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block No. 45  
Xinyuan Street  
Chaoyang District  
Beijing, PRC

## PLACE OF BUSINESS IN HONG KONG

17th Floor  
One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay, Hong Kong

## COMPANY WEBSITE

[www.jkl.com.cn](http://www.jkl.com.cn)

## SHAREHOLDERS' ENQUIRIES CONTACT INFORMATION OF THE COMPANY

Department of Investor Relations  
Tel: 0086-10-64603046  
Fax: 0086-10-64611370  
Email: [panxuemin@jkl.com.cn](mailto:panxuemin@jkl.com.cn)  
Address: Block No. 45, Xinyuan Street, Chaoyang  
District, Beijing, PRC

## STOCK CODE

814

## FINANCIAL HIGHLIGHTS

The Group achieved the following results during the six months ended 30 June 2024 (the “**Reporting Period**”):

- Revenue amounted to approximately RMB4,418,443,343, representing an increase of approximately 6.7% compared with the last corresponding period.
- Gross profit amounted to approximately RMB339,325,550, representing a decrease of approximately 33.7% compared with the last corresponding period.
- Total profit amounted to approximately RMB-82,055,344, representing a decrease of approximately 1074.3% compared with the last corresponding period.
- Net profit attributable to shareholders of the parent company reached approximately RMB-91,561,995, representing a decrease of approximately 88.5% compared with the last corresponding period.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

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

## RETAIL BUSINESS

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### *DEEPLY PROMOTING THE CONSTRUCTION OF PURPOSEFUL CATEGORIES*

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

### *PROMOTING THE IMPLEMENTATION OF THE SELF-OPERATED ON-SITE PRODUCTION AND SALES*

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

### *PUTTING MORE EFFORTS ON THE DEVELOPMENT OF MEMBERSHIP PRODUCTS*

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

### *CONTINUOUSLY STRENGTHENING FOOD SAFETY MANAGEMENT*

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

### *FOCUSING ON LOGISTICS AND DISTRIBUTION TO REDUCE COSTS AND ENHANCE EFFICIENCY*

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### RETAIL OPERATING RESULTS

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

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

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

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

## WHOLESALE BUSINESS

### *ACCELERATING THE PACE OF HIGH-QUALITY BUSINESS DEVELOPMENT*

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

### *IMPROVING THE COMPREHENSIVE LOGISTICS MANAGEMENT CAPABILITIES*

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### WHOLESALE OPERATING RESULTS

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

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

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

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

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

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

## FINANCIAL RESULTS

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

## PRINCIPAL OPERATING INCOME

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

## GROSS PROFIT AND GROSS PROFIT MARGIN

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

## NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2024, the Group had non-current assets of RMB2,512,230,229 (comprising mainly fixed assets, investment property, and land use right for a total of RMB1,057,060,005), and non-current liabilities of RMB818,133,684 (mainly comprising of leases liabilities of RMB793,592,221).

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

### INDEBTEDNESS AND PLEDGE OF ASSETS

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

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

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

\* Represented by: Total Liabilities/Total Assets

### FOREIGN CURRENCY RISK

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

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

## EMPLOYEES

As at 30 June 2024, the Group employed 4,260 employees domestically (as at 30 June 2023: 4,382 employees). The total staffing costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to RMB323,702,437 (corresponding period of 2023: RMB365,471,997). The staff emoluments (including directors' and supervisors' emoluments) of the Group are based on position, duty, experience, performance and market rates, in order to maintain their remunerations at a competitive level. The Group attached great importance to the training and management of talents and provided a broad platform for the development of employees. The Group provided a variety of online and face-to-face training courses for employees to train them in professional knowledge, skills, physical and mental health.

## CONTINGENT LIABILITIES

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

## LITIGATION

In 2002, the Company entered into a land acquisition and compensation agreement with the People's Government of Guanzhuang Township, Chaoyang District, Beijing\* (北京市朝陽區管莊鄉人民政府) (the **"Guanzhuang Township Government"**), pursuant to which the Guanzhuang Township Government transferred 243.71 unit of area (in mu) of collective land under the jurisdiction of Guanzhuang Township Government to the Company for the construction of a distribution and fresh food processing center, and the Company shall pay the total compensation of RMB60,440,000 to the Guanzhuang Township Government. On 13 November 2006, the Company and the Guanzhuang Township Government entered into a supplementary agreement in respect of the above land transfer, and the Guanzhuang Township Government increased the compensation to RMB97,484,000. On 20 November 2006, the Company entered into a supplementary agreement with the Guanzhuang Township Government and the Guanzhuang Agricultural, Industrial and Commercial Joint Corporation of Chaoyang District, Beijing\* (北京市朝陽區管莊農工商聯合公司) (the **"AICC"**) in respect of the above land transfer matters, and the Guanzhuang Township Government authorized the AICC to collect compensation. Upon the signing of the above agreements, the Company has paid a total compensation of RMB45,132,000 to Guanzhuang Township Government and the AICC. Due to the change of planned use and other reasons, the contract purpose of the Company (i.e construction of distribution and fresh processing center) cannot be fulfilled, and the above agreements cannot be continued to perform. In order to recover the compensation paid and safeguard the legal rights of the Company, the Company filed a lawsuit with the Beijing Chaoyang District People's Court\* (北京市朝陽區人民法院) in July 2022, requiring that the land compensation agreement and supplementary agreement entered into with the Guanzhuang Township Government be held invalid, and requiring the Guanzhuang Township Government and AICC to return the compensation fee of RMB45,132,000 and related interest accrued during the period of their retention of compensation fee. The Company has returned the land to Guanzhuang Township Government on 24 November 2022. On 27 May 2024, the Company received a judgment from the Beijing Chaoyang District People's Court (being the first instance court), which required the Company to pay the land leveling fees in an amount of RMB206,700 to the Guanzhuang Township Government and restore the land to conditions suitable for cultivation, and dismissed all requests of the Company and other counterclaims of Guanzhuang Township Government. The Company has appealed, and as at the date of this report, the legal proceedings of second instance are still in progress.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK

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

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

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

### EVENTS AFTER THE REPORTING PERIOD

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

### CORPORATE GOVERNANCE

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

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

### DIRECTOR’S SECURITIES TRANSACTIONS

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

### AUDIT COMMITTEE

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



## OTHER INFORMATION

### DISCLOSURE OF INTERESTS

#### *DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES*

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

#### *LONG POSITIONS IN THE DOMESTIC SHARES OF THE COMPANY*

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
Wang Hong	Personal	186,696	0.08	0.05
Li Shenlin*	Personal	400,000	0.17	0.10
Li Jianwen	Personal	2,022,579	0.88	0.49
Zhang Hongbo	Personal	100,000	0.04	0.02
Yang Baoqun**	Personal	1,042,086	0.45	0.25
Niu Hongyan**	Personal	70,000	0.03	0.02
Li Chunyi**	Personal	50,000	0.02	0.01

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

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

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

## SUBSTANTIAL SHAREHOLDERS

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

### LONG POSITIONS IN THE DOMESTIC SHARES OF THE COMPANY

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

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

## OTHER INFORMATION

### LONG POSITIONS IN THE H SHARES OF THE COMPANY

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

(L) – Long Position

Note:

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

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

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

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

### SIGNIFICANT INVESTMENTS

The Company did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group) during the Reporting Period.

### MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

# REPORT ON REVIEW OF COMPANY'S AND CONSOLIDATED FINANCIAL STATEMENTS

XIN KUAI SHI BAO ZI [2024] No.ZK10378

TO THE SHAREHOLDERS OF BEIJING JINGKELONG COMPANY LIMITED:

We have reviewed the accompanying interim financial statements of Beijing Jingkelong Company Limited (the "Jingkelong Company"), which comprise the consolidated balance sheets and the balance sheets of the Company as at 30 June 2024, and the consolidated income statement and the income statement of the Company, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement and the statement of changes in shareholders' equity and the cash flow statement of the Company for the six-month period then ended and a summary of significant accounting policies and other certain explanatory notes. The management of the Jingkelong Company is responsible for the preparation of these interim financial statements. Our responsibility is to express a conclusion on the interim financial statements based on our review.

We conducted our review in accordance with "China Certified Public Accountant Review Standard No. 2101-Review of Financial Statement". Those standards require that we plan and perform the review to obtain limited assurance about whether the interim financial statements are free from material misstatement. A review of these interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements are not prepared in accordance with "Accounting Standard for Business Enterprises" and did not present fairly, in all material respects, the Jingkelong Company financial position results of operations and cash flows.

*BDO CHINA Shu Lun Pan*  
*Certified Public Accountants LLP*

*Certified Public Accountant of China: Zhou Ciqi*

*Certified Public Accountant of China: Li Enli*

Shanghai, China  
30 August 2024

(English translation for reference only. Should there be any inconsistency between the Chinese and English version, the Chinese version shall prevail.)

## CONSOLIDATED BALANCE SHEETS

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2024.6.30 (Unaudited)	2023.12.31 (Audited)
<b>Current Assets:</b>			
Cash and bank balances	V11	649,343,817	965,738,836
Accounts receivable	V12	1,071,745,325	984,080,370
Prepayments	V13	768,523,599	1,006,417,128
Other receivables	V14	209,936,923	155,398,786
Inventories	V15	1,559,331,775	1,614,980,748
Non-current assets due within one year	V16	36,795,681	38,552,635
Other current assets	V17	205,469,512	182,781,935
<b>Total current assets</b>		<b>4,501,146,632</b>	<b>4,947,950,438</b>
<b>Non-current Assets:</b>			
Other equity instrument investments	V18	43,000,000	43,000,000
Other non-current financial assets	V19	52,872,932	56,536,513
Investment properties	V110	140,278,706	144,411,117
Fixed assets	V111	679,409,808	711,768,288
Construction in progress	V112	135,775,067	126,502,959
Right-of-use assets	V113	889,068,622	532,032,693
Intangible assets	V114	259,228,629	261,538,696
Goodwill	V115	86,673,788	86,673,788
Long-term prepaid expenses	V116	102,101,737	110,094,722
Deferred tax assets	V117	32,801,726	20,521,646
Other non-current assets	V118	91,019,214	91,013,831
<b>Total non-current assets</b>		<b>2,512,230,229</b>	<b>2,184,094,253</b>
<b>TOTAL ASSETS</b>		<b>7,013,376,861</b>	<b>7,132,044,691</b>

## CONSOLIDATED BALANCE SHEETS

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2024.6.30 (Unaudited)	2023.12.31 (Audited)
<b>Current Liabilities:</b>			
Short-term borrowings	VI19	2,563,594,879	3,148,009,496
Notes payable	VI20	292,147,688	301,955,528
Accounts payable	VI21	511,103,722	528,664,977
Advances from customers	VI22	13,718,844	9,412,156
Contract liabilities	VI23	454,749,119	312,190,012
Payroll payable	VI24	1,459,309	1,571,356
Taxes payable	VI25	32,403,364	48,080,384
Other payables	VI26	352,753,655	267,363,145
Including: Interest payable	VI26	–	–
Dividends payable	VI26	23,043,088	5,716,728
Non-current liabilities due within one year	VI27	217,606,090	157,491,015
Other current liabilities	VI28	68,150,619	51,279,226
<b>Total current liabilities</b>		<b>4,507,687,289</b>	<b>4,826,017,295</b>
<b>Non-current Liabilities:</b>			
Leases liabilities	VI29	793,592,221	445,145,916
Deferred income	VI31	12,866,399	15,437,674
Deferred tax liabilities	VI17	11,675,064	12,576,069
<b>Total non-current liabilities</b>		<b>818,133,684</b>	<b>473,159,659</b>
<b>TOTAL LIABILITIES</b>		<b>5,325,820,973</b>	<b>5,299,176,954</b>
<b>Shareholders' equity:</b>			
Share capital	VI32	412,220,000	412,220,000
Capital reserves	VI33	605,177,454	605,177,454
Surplus reserves	VI34	169,059,880	169,059,880
Undistributed profits	VI35	208,200,300	299,762,295
Total equity attributable to shareholders of the parent company		1,394,657,634	1,486,219,629
Minority interests		292,898,254	346,648,108
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,687,555,888</b>	<b>1,832,867,737</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7,013,376,861</b>	<b>7,132,044,691</b>

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

## BALANCE SHEETS OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

		Amount unit: RMB	
Item	Notes	2024.6.30 (Unaudited)	2023.12.31 (Audited)
<b>Current Assets:</b>			
Cash and bank balances		107,128,309	226,012,704
Accounts receivable	XIII1	132,600,001	148,725,578
Prepayments		3,782,591	159,331
Other receivables	XIII2	727,943,197	832,350,498
Inventories		138,530,742	181,800,107
Other current assets		32,470,363	42,008,897
<b>Total current assets</b>		<b>1,142,455,203</b>	<b>1,431,057,115</b>
<b>Non-current Assets:</b>			
Long-term equity investment	XIII3	1,246,991,571	1,246,991,571
Other non-current financial assets			
Investment properties		32,874,807	34,428,661
Fixed assets		473,341,835	496,494,953
Construction in progress		74,703,774	65,599,068
Right-of-use assets		555,386,136	185,364,001
Intangible assets		64,506,228	65,216,204
Long-term prepaid expenses		26,075,820	33,710,250
Deferred tax assets		20,419,685	6,417,100
Other non-current assets		57,368,138	56,290,753
<b>Total non-current assets</b>		<b>2,551,667,994</b>	<b>2,190,512,561</b>
<b>TOTAL ASSETS</b>		<b>3,694,123,197</b>	<b>3,621,569,676</b>

## BALANCE SHEETS OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2024.6.30 (Unaudited)	2023.12.31 (Audited)
<b>Current Liabilities:</b>			
Short-term borrowings		800,571,667	1,050,914,082
Accounts payable		377,918,452	401,271,801
Advances from customers		10,209,227	6,521,786
Contract liabilities		324,086,197	353,109,715
Payroll payable		1,137,838	1,268,159
Taxes payable		1,512,349	866,224
Other payables		102,767,595	103,332,584
Including: Interest payable		—	—
Dividends payable		71,028	71,028
Non-current liabilities due within one year		174,221,203	50,116,444
Other current liabilities		41,125,900	49,444,241
<b>Total current liabilities</b>		<b>1,833,550,428</b>	<b>2,016,845,036</b>
<b>Non-current Liabilities:</b>			
Leases liabilities		457,761,214	154,323,547
Deferred income		11,772,437	13,815,608
<b>Total non-current liabilities</b>		<b>469,533,651</b>	<b>168,139,155</b>
<b>TOTAL LIABILITIES</b>		<b>2,303,084,079</b>	<b>2,184,984,191</b>
Shareholders' equity:			
Share capital		412,220,000	412,220,000
Capital reserves		615,293,521	615,293,521
Surplus reserves		145,282,646	145,282,646
Undistributed profits		218,242,951	263,789,318
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,391,039,118</b>	<b>1,436,585,485</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,694,123,197</b>	<b>3,621,569,676</b>

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu



# CONSOLIDATED INCOME STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
<b>I. Total operating income</b>		<b>4,962,446,162</b>	4,582,440,232
Including: Operating income	VI36	<b>4,962,446,162</b>	4,582,440,232
<b>II. Total operating costs</b>		<b>5,050,161,042</b>	4,591,022,288
Including: Operating cost	VI36	<b>4,093,625,852</b>	3,644,465,040
Tax and surcharges	VI37	<b>18,768,275</b>	17,550,995
Selling expenses	VI38	<b>737,923,759</b>	727,822,318
Administrative expenses	VI39	<b>141,970,371</b>	143,015,831
Financial expenses	VI40	<b>57,872,785</b>	58,168,104
Add: Other Income	VI41	<b>4,721,428</b>	7,215,717
Investment income	VI42	<b>4,300,000</b>	—
Gains or losses on changes in fair value	VI43	<b>(3,663,580)</b>	(4,864,025)
Impairment losses on credits	VI44	<b>(3,144,129)</b>	(2,743,869)
Gains or losses on disposal of assets	VI45	<b>2,542,556</b>	823,858
<b>III. Operating profit</b>		<b>(82,958,605)</b>	(8,150,375)
Add: Non-operating income	VI46	<b>2,003,469</b>	2,691,705
Less: Non-operating expenses	VI47	<b>1,100,208</b>	1,529,127
<b>IV. Total profit</b>		<b>(82,055,344)</b>	(6,987,797)
Less: Income tax expense	VI48	<b>3,681,291</b>	30,793,896
<b>V. Net profit</b>		<b>(85,736,635)</b>	(37,781,693)
(I) Classified by business continuity		—	—
1. Net profit from continued operations		<b>(85,736,635)</b>	(37,781,693)
2. Net profit from discontinued operations		—	—
(II) Classified by ownership		—	—
1. Net profit attributable to shareholders of the parent company		<b>(91,561,995)</b>	(48,579,117)
2. Profit or loss attributable to minority interests		<b>5,825,360</b>	10,797,424
<b>VI. Net value of other comprehensive income after tax</b>		—	—
(I) Net value of other comprehensive income attributable to shareholders of the parent company after tax		—	—
1. Other comprehensive income which cannot be reclassified into profit or loss subsequently		—	—
(1) Remeasurement of changes in net defined benefit liabilities or assets		—	—
(2) Share in investees' other comprehensive income cannot be reclassified into profit or loss under equity method		—	—

# CONSOLIDATED INCOME STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

		Amount unit: RMB	
Item	Notes	2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
2. Other comprehensive income which can be reclassified into profit or loss subsequently		—	—
(1) Share in investees' other comprehensive income can be reclassified into profit or loss under equity method		—	—
(2) Balancing arising from the translation of foreign currency financial statements		—	—
(II) Net value of other comprehensive income attributable to minority interests after tax		—	—
<b>VII. Total comprehensive income</b>		<b>(85,736,635)</b>	<b>(37,781,693)</b>
(I) Total comprehensive income attributable to shareholders of the parent company		<b>(91,561,995)</b>	<b>(48,579,117)</b>
(II) Total comprehensive income attributable to minority interests		<b>5,825,360</b>	<b>10,797,424</b>
<b>VII. Earnings per share</b>			
(I) Basic earnings per share	VI49	<b>(0.22)</b>	(0.12)
(II) Diluted earnings per share		<b>N/A</b>	N/A

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# INCOME STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

		Amount unit: RMB	
Item	Notes	2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
<b>I. Total operating income</b>	<i>XIII4</i>	<b>1,470,490,545</b>	1,696,120,707
Less: operating cost	<i>XIII4</i>	<b>1,140,546,759</b>	1,342,013,207
Tax and surcharges		<b>10,649,228</b>	9,519,327
Selling expenses		<b>313,278,386</b>	302,455,743
Administrative expenses		<b>85,959,520</b>	83,269,702
Financial expenses		<b>5,741,065</b>	10,015,996
Add: Other Income		<b>3,525,974</b>	5,674,704
Investment income	<i>XIII5</i>	<b>19,962,950</b>	—
Impairment losses on credits		<b>(241,917)</b>	—
Gains or losses on disposal of assets		<b>1,980,560</b>	939,797
<b>II. Operating profit</b>		<b>(60,456,846)</b>	(44,538,767)
Add: Non-operating income		<b>1,170,797</b>	1,965,845
Less: Non-operating expenses		<b>262,902</b>	191,421
<b>III. Total profit</b>		<b>(59,548,951)</b>	(42,764,343)
Less: Income tax expense		<b>(14,002,584)</b>	4,256,991
<b>IV. Net profit</b>		<b>(45,546,367)</b>	(47,021,334)
1. Net profit from continued operations		<b>(45,546,367)</b>	(47,021,334)
2. Net profit from discontinued operations		—	—
<b>V. Net value of other comprehensive income after tax</b>		—	—
(I) Other comprehensive income which cannot be reclassified into profit or loss subsequently		—	—
1. Remeasurement of changes in net defined benefit liabilities or assets		—	—
2. Share in investees' other comprehensive income cannot be reclassified into profit or loss under equity method		—	—
(II) Other comprehensive income which can be reclassified into profit or loss subsequently		—	—
1. Share in investees' other comprehensive income can be reclassified into profit or loss under equity method		—	—
2. Foreign currency financial statement translation difference		—	—
<b>VI. Total comprehensive income</b>		<b>(45,546,367)</b>	(47,021,334)

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# CONSOLIDATED CASH FLOW STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

		Amount unit: RMB	
Item	Notes	2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
<b>I. Cash flows from operating activities</b>			
Cash received from selling goods and rendering services		5,391,693,090	5,041,997,122
Taxes and surcharges refunds received		102,447	756,205
Other cash received relating to operating activities	V150	237,870,420	151,787,839
<b>Subtotal of cash inflows from operating activities</b>		5,629,665,957	5,194,541,166
Cash paid for purchasing goods and receiving services		4,575,797,147	4,239,654,377
Cash payments to and on behalf of employees		323,814,484	365,570,636
Taxes and surcharges paid		122,962,451	117,342,564
Other cash paid related to operating activities	V150	148,994,045	278,472,328
<b>Subtotal of cash outflows from operating activities</b>		5,171,568,127	5,001,039,905
<b>Net cash flow from operating activities</b>		458,097,830	193,501,261
<b>II. Cash flows from investing activities</b>			
Cash received from investment income		4,300,000	—
Net cash received from disposal of fixed assets, and other long-term assets		610,927	206,689
Other cash received relating to investing activities	V150	—	—
<b>Subtotal of cash inflows from investing activities</b>		4,910,927	206,689
Cash paid for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		33,341,045	13,329,721
Other cash paid relating to investing activities	V150	—	—
<b>Subtotal of cash outflows from investing activities</b>		33,341,045	13,329,721
<b>Net cash flow from investing activities</b>		(28,430,118)	(13,123,032)

# CONSOLIDATED CASH FLOW STATEMENT

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		1,921,058,890	2,022,691,513
Cash received from other financing activities	VI50	—	1,516,642
<b>Subtotal of cash inflows from financing activities</b>		1,921,058,890	2,024,208,155
Cash paid for repayments of liabilities		2,433,098,709	1,528,527,297
Cash paid for dividends, profits or interest payments		47,950,860	40,006,001
Including: Dividends and profits paid by subsidiaries to minority shareholders		21,633,431	—
Cash paid for other financing activities	VI50	124,954,179	152,023,079
<b>Subtotal of cash outflows from financing activities</b>		2,606,003,748	1,720,556,377
<b>Net cash flow from financing activities</b>		(684,944,858)	303,651,778
<b>IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate</b>		(409,365)	(1,396,486)
<b>V. Net increase(decrease) in cash and cash equivalents</b>		(255,686,511)	482,633,521
Add: Balance of cash and cash equivalents at the beginning of the year		839,268,396	735,318,661
<b>VI. Balance of cash and cash equivalents at the end of the year</b>		583,581,885	1,217,952,182

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# CASH FLOW STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Item	Notes	Amount unit: RMB	
		2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
<b>I. Cash flows from operating activities</b>			
Cash received from selling goods and rendering services		1,571,136,214	1,828,389,522
Other cash received relating to operating activities		78,482,627	83,603,039
<b>Subtotal of cash inflows from operating activities</b>		1,649,618,841	1,911,992,561
Cash paid for purchasing goods and receiving services		1,318,538,903	1,538,795,707
Cash payments to and on behalf of employees		175,343,608	201,416,862
Taxes and surcharges paid		24,819,282	25,606,822
Other cash paid related to operating activities		75,073,819	107,611,172
<b>Subtotal of cash outflows from operating activities</b>		1,593,775,612	1,873,430,563
<b>Net cash flow from operating activities</b>		55,843,229	38,561,998
<b>II. Cash flows from investing activities</b>			
Cash received from investment income		32,904,283	14,282,049
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		413,652	153,465
Other cash received relating to investing activities		400,000,000	270,000,000
<b>Subtotal of cash inflows from investing activities</b>		433,317,935	284,435,514
Cash paid for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		22,711,446	11,050,401
Other cash paid relating to investing activities		301,876,263	370,000,000
<b>Subtotal of cash outflows from investing activities</b>		324,587,709	381,050,401
<b>Net cash flow from investing activities</b>		108,730,226	(96,614,887)

## CASH FLOW STATEMENT OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Notes	2024.1.1- 2024.6.30 (Unaudited)	2023.1.1- 2023.6.30 (Unaudited)
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		400,000,000	750,000,000
Cash received from other financing activities		—	—
<b>Subtotal of cash inflows from financing activities</b>		400,000,000	750,000,000
Cash paid for repayments of liabilities		650,000,000	450,000,000
Cash paid for dividends, profits or interest payments		13,504,693	13,975,972
Cash paid for other financing activities		19,953,443	54,887,205
<b>Subtotal of cash outflows from financing activities</b>		683,458,136	518,863,177
<b>Net cash flow from financing activities</b>		(283,458,136)	231,136,823
<b>IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate</b>		286	(737)
<b>V. Net increase(decrease) in cash and cash equivalents</b>		(118,884,395)	173,083,197
Add: Balance of cash and cash equivalents at the beginning of the year		226,012,704	108,792,878
<b>VI. Balance of cash and cash equivalents at the end of the year</b>		107,128,309	281,876,075

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Six months ended at 30 June 2024 (unaudited)						
	Equity attributable to shareholders of the parent company						Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Minority interests	
<b>I. Balance at the end of the prior period</b>	412,220,000	605,177,454	-	169,059,880	299,762,295	346,648,108	1,832,867,737
Add: Changes in accounting policies	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the period</b>	412,220,000	605,177,454	-	169,059,880	299,762,295	346,648,108	1,832,867,737
<b>III. Increase or decrease amount in the year</b>	-	-	-	-	(91,561,995)	(53,749,854)	(145,311,849)
(I) Total comprehensive income	-	-	-	-	(91,561,995)	5,825,360	(85,736,635)
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	(26,250,000)	(26,250,000)
1. Ordinary shares contribution from shareholders	-	-	-	-	-	(26,250,000)	(26,250,000)
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	-	(33,325,214)	(33,325,214)
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	(33,325,214)	(33,325,214)
4. Others	-	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-
IV. Special reserve	-	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-	-
<b>IV. Balance at the end of the year</b>	412,220,000	605,177,454	-	169,059,880	208,200,300	292,898,254	1,687,555,888

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Six months ended at 30 June 2023 (unaudited)							
Item	Equity attributable to shareholders of the parent company					Minority interests	Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits		
I. Balance at the end of the prior period	412,220,000	605,177,454	-	169,059,880	376,050,511	368,386,510	1,930,894,356
Add: Changes in accounting policies	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the period	412,220,000	605,177,454	-	169,059,880	376,050,511	368,386,510	1,930,894,356
III. Increase or decrease amount in the year	-	-	-	-	(48,579,117)	(24,811,259)	(73,390,376)
(I) Total comprehensive income	-	-	-	-	(48,579,117)	10,797,424	(37,781,693)
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	-	(35,608,683)	(35,608,683)
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	(35,608,683)	(35,608,683)
4. Others	-	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-	-
IV. Balance at the end of the year	412,220,000	605,177,454	-	169,059,880	327,471,394	343,575,251	1,857,503,980

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Six months ended at 30 June 2024 (unaudited)					
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
<b>I. Balance at the end of the prior period</b>	412,220,000	615,293,521	-	145,282,646	263,789,318	1,436,585,485
Add: Changes in accounting policies	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>II. Balance at the beginning of the period</b>	412,220,000	615,293,521	-	145,282,646	263,789,318	1,436,585,485
<b>III. Increase or decrease amount in the year</b>	-	-	-	-	(45,546,367)	(45,546,367)
(I) Total comprehensive income	-	-	-	-	(45,546,367)	(45,546,367)
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-
<b>IV. Balance at the end of the year</b>	412,220,000	615,293,521	-	145,282,646	218,242,951	1,391,039,118

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

Prepared by: BEIJING JINGKELONG COMPANY LIMITED

Amount unit: RMB

Item	Six months ended at 30 June 2023 (unaudited)					
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
<b>I. Balance at the end of the prior period</b>	412,220,000	615,293,521	-	145,282,646	315,896,687	1,488,692,854
Add: Changes in accounting policies	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>II. Balance at the beginning of the period</b>	412,220,000	615,293,521	-	145,282,646	315,896,687	1,488,692,854
<b>III. Increase or decrease amount in the year</b>	-	-	-	-	(47,021,334)	(47,021,334)
(I) Total comprehensive income	-	-	-	-	(47,021,334)	(47,021,334)
(II) Contribution and reduction of shareholders' capital	-	-	-	-	-	-
1. Ordinary shares contribution from shareholders	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-
3. Dividends payments recognized in shareholders' equity	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(III) Profit contribution	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(IV) Internal transfer within shareholders' equity	-	-	-	-	-	-
1. Capital reserves transferred to capital (or shares)	-	-	-	-	-	-
2. Surplus reserves transferred to capital (or shares)	-	-	-	-	-	-
3. Surplus reserves made up for losses	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-
2. Usage in the period	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-
<b>IV. Balance at the end of the year</b>	412,220,000	615,293,521	-	145,282,646	268,875,353	1,441,671,520

The notes as set out from page 35 to 116 form an integral part of the financial statements

The financial statements as set out from page 20 to 34 have been signed by

Legal Representative: Zhang Liwei    Chief Financial Officer: Yang Wensheng    Chief Accountant: Zhang Yu

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## I. GENERAL INFORMATION

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

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

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

The consolidated financial statements of the Group and financial statements of the Company were approved by the board of directors on 30 August 2024.

## II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

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

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

## III. STATEMENTS OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES-BASIC STANDARD

The financial statements prepared by the Group have been in compliance with ASBE and truly and completely reflect the financial position of the Group as at 30 June 2024 and the operating results, cash flows and other relevant information of the Company for the 6 months ended at 30 June 2024. In addition, the Company has also disclosed relevant financial information required by the Company Ordinance of Hong Kong and the Listing Rules of the Stock Exchange of Hong Kong Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1 Accounting period

The Group adopts the calendar year as its accounting year from January 1 to December 31.

### 2 Business period

The normal operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Group regards 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

### 3 Functional currency

RMB is the currency of the primary economic environment where the Group and its domestic subsidiaries operate, and the Group and its domestic subsidiaries used RMB as the functional currency. The financial statements have been prepared in RMB.

### 4 Accounting treatment method for business combination under the same control and not under the same control

Business combination refers to a transaction or event in which two or more separate enterprises are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

#### 4.1 Business combination under the same control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that obtains control of other participating companies on the combining date is the combining party, and the other participating companies are the combined party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

The assets and liabilities acquired by the combining party are measured at the book value of the combined party on the combining date. The difference between the book value of the net assets acquired by the merger and the book value of the combined consideration paid (or the total face value of the issued shares) is adjusted for the capital reserve (share premium); if the capital reserve (share premium) is not sufficient to offset, the retained earnings are adjusted.

The direct costs incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 4.2 **Business combinations not under common control**

Enterprises that participate in the merger are not under the same party or the same multiple parties' ultimate control before and after the merger, which is a business combination not under the same control. For a business combination not under the same control, the party that obtains control of other participating companies on the purchase date is the purchaser, and the other companies participating in the combination are the purchased party. The purchase date refers to the date on which the purchaser actually obtains control of the purchased party.

For a business combination not under the same control, the cost of the combination includes the assets paid by the purchaser to obtain control of the purchased party, the liabilities incurred or assumed, and the fair value of the equity securities issued on the purchase date. Intermediary expenses such as audits, legal services, evaluation and consulting, and other management expenses are included in the current profit and loss when incurred. The transaction cost of equity securities or debt securities issued by the purchaser as the merger consideration is included in the initial recognition amount of equity securities or debt securities. The contingent consideration involved is included in the merger cost based on its fair value at the date of purchase. If there is new or further evidence of the existing conditions on the purchase date within 12 months of the purchase date and the adjustment or consideration is required, adjust the merger accordingly reputation. The merger costs incurred by the purchaser and the identifiable net assets obtained in the merger are measured at the fair value at the date of purchase. The difference between the merger cost and the fair value share of the identifiable net assets of the acquired party acquired on the acquisition date is recognized as goodwill. If the merger cost is less than the fair value share of the identifiable net assets of the acquired party acquired in the merger, first of all, the measured fair value of the identifiable assets, liabilities and contingent liabilities of the acquired party and the measurement of the merger cost shall be reviewed. If the merger cost is still less than the fair value share of the acquiree's identifiable net assets obtained in the merger, the difference is included in the current profit and loss.

If the purchaser obtains the deductible temporary difference of the purchased party and fails to confirm the deferred income tax asset recognition condition on the purchase date, within 12 months after the purchase date, if new or further information is obtained indicating the purchase The relevant situation on the day already exists. If the economic benefit brought by the deductible temporary difference on the purchase date is expected to be realized, the relevant deferred income tax assets are recognized, and the goodwill is reduced, and the goodwill is not offset enough. The difference is recognized as the current profit and loss; in addition to the above, if the deferred income tax assets related to the business combination are recognized, it is included in the current profit and loss.

Business combination under different control realized step by step through multiple transactions, according to the "Notice of the Ministry of Finance on Issuing the Interpretation of Accounting Standards for Enterprises No. 5" (Caikuai [2012] No. 19) and "Accounting Standards for Business Enterprises No. 33-Mergers" "Financial Statement" Article 51 on the "package deal" judgment criteria (see Note 4, 5 (2)), to determine whether the multiple transactions belong to "package deal". If it belongs to a "package deal", refer to the previous paragraphs of this part and the notes IV.11 "Long-term equity investment" for accounting treatment; if it does not belong to a "package deal", distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost of the purchase date is taken as the initial investment cost of the investment; the equity of the purchaser held before the purchase date. If other comprehensive income is involved, the other comprehensive income related to the investment will be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the purchased party held before the purchase date is remeasured according to the fair value of the equity at the purchase date, and the difference between the fair value and its book value is included in the current investment income; held before the purchase date. If the equity of the purchased party involves other comprehensive income, the other comprehensive income related to it should be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest are converted into the current investment income of the purchase date).

## 5 Preparation of consolidated financial statements

### 5.1 *Principles for determining the scope of consolidated financial statements*

The consolidation scope in consolidated financial statements is determined on the basis of control. The control refers to the power to influence the investee and participate in its operating activities to obtain benefits, the amount at which shall be effected by the power. The scope of consolidation financial statements includes the Company and all subsidiaries. The subsidiaries refer to the entity controlled by the Company.

The company will conduct a reassessment, once control related elements involved in the definition involved in the above cause the relevant facts and circumstances have changed.

### 5.2 *Method of preparing consolidated financial statements*

From the date of obtaining the net assets of the subsidiary and the actual control of the production and operation decision, the Group began to include it in the scope of consolidation; the inclusion of the scope of consolidation is suspended from the date of loss of actual control. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been properly included in the consolidated income statement and consolidated cash flow statement; Subsidiaries disposed of in the current period do not adjust the opening balance of the consolidated balance sheet. For subsidiaries that are not consolidated under the same control, the operating results and cash flows of the future purchases have been properly included in the consolidated income statement and consolidated cash flow statement, and the opening and closing figures of the consolidated financial statements are not adjusted. Subsidiaries that have increased business combinations under the same control and those that have been merged under the merger, the operating results and cash flows from the beginning of the current period to the date of consolidation have been properly included in the consolidated income statement and consolidated cash flow statement and adjust the comparison of consolidated financial statements at the same time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the company are inconsistent, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the company. For subsidiaries acquired from business combinations not under the same control, the financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the portion of the current net profit or loss that is not owned by the Company are separately presented as minority shareholders' equity and minority shareholders' gains and losses in the consolidated financial statements under shareholders' equity and net profit. The portion of the subsidiary's current net profit or loss that belongs to minority shareholders' equity is presented as "minority shareholder gains and losses" under the net profit item in the consolidated income statement. The loss of a subsidiary shared by a minority shareholder exceeds the share of the minority shareholder's equity at the beginning of the subsidiary, and it still reduces the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured according to its fair value on the date of loss of control. The sum of the consideration for the disposal of the equity and the fair value of the remaining equity, less the difference between the share of the original shareholding and the share of the net assets that the original subsidiary has continued to calculate from the date of purchase, which is included in investment income of loss of control in the current period. Other comprehensive income related to the original subsidiary's equity investment shall be treated on the same basis as the directly disposed of the relevant assets or liabilities of the purchased party when the control is lost, that is, in addition to the re-measurement of changes in the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest will be converted into current investment income. Thereafter, the remaining equity of the part is subsequently measured in accordance with the relevant provisions of the "Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". For details, refers to Note IV., 11 "long-term equity investment" or this Note IV. 8 "financial instruments".



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

If the Company disposes of the equity investment in the subsidiary through multiple transactions until it loses control, it shall distinguish whether the transactions dealing with the equity investment of the subsidiary until the loss of control are a package transaction. The terms, conditions, and economic impact of each transaction for the disposal of equity investments in subsidiaries are consistent with one or more of the following conditions, and generally indicate that multiple transactions should be accounted for as a package transaction: ① These transactions are concluded at the same time or with consideration of each other's influence; ② These transactions as a whole can achieve a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ A transaction alone is not economical, but it is economical when considered together with other transactions. If it is not a package transaction, each of the transactions shall be partially disposed of in the long-term equity of the subsidiary in accordance with "without loss of control" (refers to Note IV, 11, and (2) 4). The accounting principle is applied to the principle that "the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons" (mentioned in the previous paragraph). Disposal of the equity investment in a subsidiary until the loss of control is a package transaction, and the transactions are treated as a transaction that disposes of the subsidiary and loses control; However, the difference between the disposal price and the disposal investment before the loss of control and the share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and it is transferred to the current profit and loss of loss of control when the control is lost.

## **6 Recognition criteria of cash and cash equivalents**

Cash and cash equivalents of the Group comprise cash, deposits that can be readily withdrawn on demand, short-term (usually within a period of 3 months from purchase date on) and highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of change value.

## **7 Foreign currency transactions**

The foreign currency transactions are, on initial recognition, translated to the functional currency at the spot exchange rate on the dates of transactions, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The exchange difference arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate on initial recognition or at the previous balance sheet date is recognized in profit or loss for the period.

## **8 Financial instruments**

A financial asset or financial liability is recognized when the Group becomes a party to a financial instrument contract.

### **8.1 Classification, confirmation and measurement of financial assets**

The Group classifies financial assets according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss; for other categories of financial assets, the related transaction costs are included in the initial recognition amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not contain or consider the significant financing components, the Group determines the amount of the consideration to be received as the initial recognition amount.

## 8.1.1 *Financial assets measured at amortized cost*

The business model of the Group's management of financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The Group's financial assets are subsequently measured at amortized cost using the effective interest method. The gains or losses arising from amortization or impairment are recognized in profit or loss.

## 8.1.2 *Financial assets measured at fair value through other comprehensive income*

The Group's business model for managing such financial assets is to target both the collection of contractual cash flows and the sale, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Group's financial assets are measured at fair value through profit or loss. The impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest method are recognized in profit or loss.

In addition, the Group designates certain non-tradable equity instrument investments as financial assets measured at fair value through other comprehensive income. The Group's related dividend income of such financial assets is included in the current profit and loss, and changes in fair value are included in other comprehensive income. When the financial assets are derecognized, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings, which are not recognized in profit or loss.

## 8.1.3 *Financial assets measured at fair value through profit or loss*

The Group classifies financial assets other than those measured at amortized cost and those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. In addition, in the initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group designates certain financial assets as financial assets measured at fair value through profit or loss. For such financial assets, the Group adopts fair value for subsequent measurement, and changes in fair value are included in profit or loss for the current period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **8.2 Classification, confirmation and measurement of financial liabilities**

Financial liabilities are classified as financial liabilities and other financial liabilities at fair value through profit or loss. For financial liabilities measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss. The related transaction expense of other financial liabilities is included in the initial recognition amount.

### **8.2.1 Financial liabilities measured at fair value through profit or loss**

Financial liabilities measured at fair value through profit or loss, including financial liabilities (including derivatives that are financial liabilities) and financial liabilities that are designated at fair value through profit or loss.

Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. In addition to related to hedge accounting, changes in fair value are recognized in profit or loss.

Financial liabilities designated as at fair value through profit or loss, the change in fair value of the liability caused by changes in the Company's own credit risk is included in other comprehensive income. When this financial liabilities is derecognition, the accumulated changes in fair value arising from changes in its own credit risk, which are included in other comprehensive income, are transferred to retained earnings. The remaining changes in fair value are included in the current profit and loss. If adopted the method mentioned before, the impact of changes in the financial liabilities' own credit risk will cause or expand the accounting mismatch in profit and loss, and the Group accounts for the entire gain or loss of the financial liability (including the impact of changes in the company's own credit risk) to the current profit and loss.

### **8.2.2 Other financial liabilities**

Financial liabilities other than those arising from the transfer of financial assets that do not meet the derecognition criteria or from continuing involvement in transferred financial assets, as well as financial guarantee contracts, are classified as financial liabilities measured at amortized cost. Subsequent measurement is performed at amortized cost, and gains or losses arising from derecognition or amortization are recognized in profit or loss for the current period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **8.3 The recognition and measurement of financial assets**

The transfer of financial assets is conformed to criteria of derecognition, when one of following conditions are met: ① The termination of a contractual right to collect cash flow from a financial asset shall terminate the recognition of the financial asset. ② If the Group has transferred almost all risks and rewards on the ownership of financial assets to the transferee, it should also derecognize the financial assets. ③ Although the Group has not transferred or remained almost all risks and rewards on the ownership of financial assets to the transferee, they gave up the control of the financial assets, thus, it should also derecognize the financial assets.

If the entity has neither transferred nor remained almost all risks and rewards on the ownership of financial assets, and they do not give up the control of the financial assets, they confirm relevant financial assets and financial liabilities in accordance with the extent of continuing involvement in the transferred financial assets. The extent of continuing involvement in the transferred financial assets is the risk level faced by the enterprise resulting from changes in value of financial asset.

If the overall transfer of the financial assets meets the conditions for derecognition, the difference between the carrying amount of the transferred financial assets and the combination of the consideration received from the transfer and the accumulated changes in the fair value of other comprehensive income is recognised in profit or loss.

If a partial transfer of the financial assets meets the conditions for derecognition, the carrying amount of the transferred financial assets is allocated between derecognized portion and non-derecognized portion based on respective fair values. In addition, the difference between the carrying amount mentioned above and the combination of the consideration received from the transfer and the accumulated changes in the fair value that are allocated to derecognized portion and were recognized previously in other comprehensive income is recognized in the profit or loss.

For financial assets sold with recourse or endorsement and discount of holding financial assets, the Group has to determine whether almost all risk and reward of ownership of these financial assets have been transferred. If almost all risk and reward of ownership of a financial asset have been transferred to transferee, this financial asset is derecognized; if almost all risk and reward of ownership of a financial asset have been reserved, this financial asset is not derecognized; if almost all risk and reward of ownership of a financial asset have been neither transferred nor reserved, then the Group has to further confirm whether the Group keeps control of this asset, and carries out accounting treatments based on the principles mentioned in each paragraph above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **8.4 The derecognition of financial liabilities**

Once the present obligation of financial liabilities (or parts of them) has been lifted, financial liabilities (or parts of them) of the Group has been derecognized. The Group (borrower) enters into an agreement with the lender to replace the original financial liabilities in the form of new financial liabilities, and the new financial liabilities are substantially different from the original financial liabilities, and the original financial liabilities are derecognition and a new financial liability is recognized. The Group makes substantial changes on contractual terms of original financial liabilities (or parts of them), then they derecognize the original financial liabilities and confirm a new financial liability in accordance with the revised terms.

The difference between the carrying amount of financial liabilities (or parts of them) and consideration paid (including transferred non-cash assets or liabilities) is recognized in profit or loss, when financial liabilities (or parts of them) are derecognized.

## **8.5 Offset of financial assets and financial liabilities**

The Group has statutory rights to offset recognized financial assets and financial liabilities, and currently enforces this legal right, at the same time, the Group plans to settle the financial assets on a net basis or simultaneously and liquidate the financial liabilities, financial assets and financial liabilities are presented in the balance sheet at offsetting amounts. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset in the other situation.

## **8.6 Method for determining the fair value of financial assets and financial liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the financial instructions have an active market, the fair value will be evidenced by a quoted price in an active market. Specifically, the quoted price in an active market refers to price that are readily available from exchanges, brokers, industry associations, pricing services and others, and it represents the price of a market transaction that actually occur in a fair trade. If the financial instructions have no active market, the fair value will be evidenced by a valuation technique that uses only data from observable markets. Valuation techniques include reference to the price used in recent market transactions by parties familiar with the situation and voluntary transactions, with reference to the current fair value of other financial instructions that are substantially identical, discounted cash flow methods and option pricing models. When it is valuation, the Group adopts valuation techniques that are applicable in the current circumstances and that are sufficiently supported by data and other information, which used to select the characteristics of the assets or liabilities to be considered in relation to the market participants' transactions in the relevant assets or liabilities, and use the relevant observable input values as much as possible. However, unallowable values will be used, if the relevant observable input values are not available or are not practicable.

## **8.7 Equity instrument**

Equity instrument refers to a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Group issues (including refinancing), repurchases, sells or writes off equity instruments as changes in equity. Transaction costs associated with equity transactions are deducted from equity.

The Group's various distributions of equity instrument holders (excluding stock dividends) reduce shareholders' equity. The Group does not recognize changes in fair value of equity instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 9 Impairment of financial assets

The financial assets that the Group needs to recognize impairment loss are financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, lease receivables, which mainly includes notes receivable, accounts receivable, other receivables, debt investment, other debt investment, and long-term receivables. In addition, for contract assets and parts of financial guarantee contracts, impairment provision should also be made and credit impairment losses recognized in accordance with the accounting policies described in this section.

### 9.1 *Recognized method for impairment provision*

Based on the expected credit losses, the Group makes provision for impairment and recognizes credit impairment losses for each of the above items in accordance with its applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

General approach for the measurement of expected credit losses refers that the Group assesses whether the credit risk of financial assets ((including other applicable items such as contract assets, the same below) has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Group measures the loss preparation according to the amount equivalent to the expected credit loss during the entire life period; if the credit risk has not increased significantly since the initial recognition, the Group measures the loss provision based on the amount of 12-month expected credit losses. The Group considers all reasonable and evidenced information, including forward-looking information, when assessing expected credit losses.

For financial instruments with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, it choose to measure loss based on 12-month expected credit losses.

### 9.2 *Judgment criteria for whether credit risk has increased significantly since initial recognition*

If the probability of default of a financial asset on the estimated duration of the balance sheet is significantly higher than the probability of default during the estimated duration of the initial recognition, the credit risk of the financial asset is significantly increased. Except for special circumstances, the Group uses the change in default risk occurring within the next 12 months as a reasonable estimate of the change in default risk throughout the life period to determine whether the credit risk has increased significantly since the initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **9.3 Combined method for assessing expected credit risk based on portfolio**

The Group evaluates credit risk individually for financial assets with significantly different credit risks, such as: receivables from related parties; and has disputes with the other party or receivables involving litigation or arbitration; there are clear indications that the debtor is likely to be unable to meet the repayment obligations of the receivables.

In addition to individual financial assets that assess credit risk, the Group classifies financial assets into different groups based on common risk characteristics and evaluates credit risk on a portfolio basis.

## **9.4 Accounting treatment of financial assets impairment**

At the end of the period, the Group calculates the expected credit losses of various financial assets. If the estimated credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as the impairment loss; if it is less than the carrying amount of the current impairment provision, the difference is recognized as the impairment gain.

## **9.5 Method for determining the credit losses of accounts receivable and other receivables**

### **9.5.1 Accounts receivable**

For receivables that do not contain significant financing components, the Company measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

For receivables with significant financing components, the Company chooses to always measure the loss provision based on the amount of expected credit losses during the lifetime.

In addition to individual accounts receivable for assessing credit risk, they are classified into different combinations based on their credit risk characteristics:

Item	Determine the basis for the combination
Aging of accounts receivable portfolio	This combination is based on the age of receivables as a credit risk feature.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 9.5.2 Other receivable

The Group measures the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk of other receivables has increased significantly since the initial recognition. In addition to other receivables that assess credit risk individually, they are classified into different combinations based on their credit risk characteristics:

Item	Determine the basis for the combination
Aging of other receivable portfolio	This combination is based on the age of other receivables as a credit risk feature.

## 10 Inventories

### 10.1 Classification of inventories

Inventories include raw materials, goods in product, low value consumables and goods in stocks, etc.

### 10.2 The measurement of inventories received and issued

The inventory is initially measured at the actual cost; Inventory costs comprise costs of purchase, costs of conversion and other costs. Cost of sales is determined using First in first out.

### 10.3 Recognition of the net realizable value and measurement of provision for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value of the inventory is lower than the cost, a provision for decline in value of inventories is recognized. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The Group determines the net realizable value of inventories based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the effect of events occurring after the balance sheet date.

For the inventory with tremendous number and relatively low unit price, the decline in value of inventories is provided according to the type of inventory; for other inventories, the decline in value of inventories is provided at the difference of the cost of a single inventory item exceeding its net realizable value. After the provision of decline in value of inventories is made, if the circumstances that caused the value of the inventory to be written down below cost no longer exist so that the net realizable value is higher than the carrying amount, the original provision for decline in value is reversed and the reversed amount is recognized in profit or loss for the period.

### 10.4 The stock count system for inventories is the perpetual inventory system

### 10.5 Amortization methods of low-value consumables

Low-value consumables are written off in full when issued for use.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **11 Long-term equity investments**

A long-term equity investment is the long-term equity investment of the Group that is able to control, jointly control or significantly influence on the investee. The long-term equity investment of the Group that is not able to control, jointly control or significantly influence on the investee is recognized as the held-for-sale financial asset or the financial asset measured at fair value through profit or loss.

### **11.1 Determination of investment cost**

For a long-term equity investment acquired by a business combination involving enterprises under common control, the initial investment cost of long-term equity investment is the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of ultimate controlling party at the acquisition date. For a long-term equity investment acquired by a business combination involving enterprises not under common control, the initial investment cost is the cost of acquisition. The long-term equity investment through means other than a business combination is initially measured at its cost.

### **11.2 Subsequent measurement and recognition of profit or loss**

The long-term equity investment that is able to jointly control or significantly influence in the investee adopts the equity method. In addition, the financial statement of the Company adopts the cost method for the long-term equity investment that is able to control over the investee.

#### *11.2.1 A long-term equity investment accounted for using the cost method*

Under the cost method, a long-term equity investment, on its initial recognition, is measured as cost and adjusted according to the amount of additional investment or disinvestment. Except for cash dividends or profits which include in actual payment or consideration as the Group obtains the investment but have not been paid, the investment income for the period is recognized according to cash dividends or profits declared to distribute by the investee.

#### *11.2.2 A long-term equity investment accounted for using the equity method*

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserves the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its investees which represent impairment losses on the transferred assets are not eliminated.

## 11.2.3 *Acquisitions of minority interest*

When the Group prepares the consolidated financial statements, the difference between the long-term equity investment arising from the acquisition of minority interest and shares of the subsidiary's net assets attributable to the Company which are continuously calculated from the purchase date (or the acquisition date) based on new additional proportions of shares is used to adjust capital reserves, if capital reserves are not sufficient to be written down, the retained earnings shall be adjusted.

## 11.2.4 *Disposals of long-term equity investment*

In consolidated financial statements, when the parent company disposes a part of a long-term equity investment without losing power of control, the difference between its disposal price and its subsidiary' net assets attributable to the Company corresponding to the disposal of long-term equity investment is recorded in owner's equity. For other circumstances of disposing of a long-term equity investment, the difference between its carrying amount and actual purchase price is recorded in profit or loss for the period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 12 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both, including rented land use right, land use right which is held and prepared for transfer after appreciation, and rented building.

The initial measurement of the investment properties shall be measured at its actual cost. The follow-up expenses pertinent to the investment properties shall be included in the cost of the investment properties, if the economic benefits pertinent to this real estate are likely to flow into the enterprise, and, the cost of the investment properties can be reliably measured. Otherwise, they should be included in the current profits and losses upon occurrence.

The Group adopts the cost model for subsequent measurement of investment properties, and the depreciation or amortization policies are consistent with that of building and land use right.

When an investment properties is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

## 13 Fixed assets

### 13.1 Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. Fixed assets are only recognized when the related economic benefits probably flow to the Group and the cost can be reliably measured. Fixed assets are initially measured at cost as well as taking into account the effect of estimated disposal costs.

### 13.2 Method for depreciation of different fixed assets

Fixed assets are depreciated on straight-line basis over their estimated useful lives from the month after they are brought to working condition for the intended use. The useful lives, estimated net residual values and annual depreciation rates of each category of fixed assets are as follows:

Category	Useful life (year)	Residual value (%)	Annual depreciation (%)
Buildings	20-35	3-4	2.74-4.85
Machinery and equipment	5-10	3-5	9.50-19.40
Office equipment	5	3-5	19.00-19.40
Vehicles	5-8	3-4	12.00-19.40

Estimated net residual value is the amount which would be obtained from the disposal of the assets after deducting of estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **13.3 Recognition, measurement method of fixed assets leased under finance leases**

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Consistent depreciation policies are adopted to finance leased fixed assets. Leased fixed assets are depreciated over the estimated useful lives when it is reasonably determined that the ownership of the asset will be obtained after the lease term is over. Otherwise, the leased assets are depreciated over the shorter period between the lease term and the estimated useful lives of the assets.

## **13.4 Other explanations**

Subsequent expenditures incurred for a fixed asset are recognized in the cost of fixed assets when the associated economic benefits will probably flow to the Group and the related cost can be reliably measured, and the carrying amount of replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

A fixed asset is derecognized on disposal or when no economic benefits are expected from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method at least at each financial year-end. A change in the useful life, estimated net residual value of a fixed asset or the depreciation method shall be accounted for as a change in accounting estimate.

## **14 Construction in progress**

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

## **15 Borrowing costs**

Borrowing costs include interest expenses, amortization of discount or premium, auxiliary expenses, exchange differences arising from foreign currency borrowings etc. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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(Unless otherwise specified, the unit of amount is RMB)

The qualifying assets to be capitalized are fixed assets, investment properties and inventories which need to be acquired, constructed or produced through a long period of time, in order to become ready for its intended use or sale.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed.

## 16 Intangible assets

Intangible assets include land use right, software development costs and distribution network software.

Intangible assets are initially measured as cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized using straight line method over its estimated useful life.

For an intangible asset with a finite useful life, the useful life and amortization method shall be reviewed at the period end, and the adjustments shall be made if necessary.

The useful lives and the amortization method are as follows:

Item	Useful lives	Amortization method
Land use rights	33-50 years	Straight line method
Software	5-10 years	Straight line method
Operating rights of distribution network	5-10 years	Straight line method

## 17 Long-term prepaid expenses

Long-term prepaid expenses are expenses which have occurred but shall be amortized over the reporting period and subsequent periods of more than one year long-term prepaid expenses shall be amortized evenly over expected benefit periods.

## 18 Long-term assets impairment

For non-current and non-financial assets such as fixed assets, work in progress, intangible assets with a finite useful life, investment properties measured at cost, long-term equity investment of joint ventures and associated enterprises and leases right-of-use asset etc., the Group assesses if any of them is impaired at the balance sheet date. If there is any evidence indicating that an asset is impaired, recoverable amounts shall be estimated for impairment test. Goodwill and intangible assets with a uncertainty useful life and intangible assets which have not reach work condition shall be tested for impairment annually regardless of whether there is any evidence indicating that the assets have been impaired.

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If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is determined based on the sales price agreed in an arm's length transaction. When no sales agreement but the active market of an asset is available, its fair value is determined according to a buyer's bid. When no sales agreement and the active market of an asset are available, its fair value is estimated on the basis of best information which is can be obtained. The disposal expenses include asset- related legal expenses, relevant taxes, handling fees and direct costs incurred for the asset intended sale. The present value of expected future cash flows of an asset is the amount that an asset's expected future cash flows arising from its continuous use and final disposal are discounted at an appropriate rate. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of other assets.

An impairment loss recognized on the assets mentioned above shall not be reversed in the subsequent period.

## **19 Employee benefits**

Employee benefits mainly include short-term employee benefits, post-employment benefits and resignation benefits.

Short-term benefits include salaries, bonuses, allowance and benefits, employee benefits, medical insurance, maternity insurance, work injury insurance, housing fund, labor union running costs and employee education cost and non-monetary benefits etc. Actual short-term benefits are recognized as liabilities during the accounting period when employees render services and are charged into profit or loss for the period or capitalized in costs of related assets. Non-monetary benefits are measured at fair value.

All post-employment benefits of the Group are defined contribution plan. The amounts to be contributed under defined contribution plan are recognized as liabilities during the accounting period of when employees render service and are charged into profit or loss for the period or capitalized in costs of related assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

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## 20 Revenue

The revenue is recognized when the customer obtains control of the relevant commodity, and the contract between the Group and the customer meets the following conditions: All parties have approved the contract and have committed to perform their obligations; The contract identifies the rights and obligations of the parties relating to the goods transferred or the provision of services; The contract has a clear payment terms associated with the transferred goods; The contract has commercial substance, which means the contract will change risk, time distribution or amount of the future cash flows; The consideration that the Group is entitled to for the transfer of goods to customers is likely to be recovered.

From the effective date of the contract, the Group identifies each individual performance obligations and allocates the transaction price proportionally to each individual performance obligation based on the relative proportion of the individual selling price of the commodities promised by each individual performance obligation. When determining the transaction price, the impact of variable consideration, major financing components in the contract, non-cash consideration, and customer consideration are considered.

For each individual performance obligation in the contract, the Group will recognize the transaction price allocated to the individual performance obligation as revenue in accordance with the performance progress period during the relevant performance period, if one of the following conditions is met: the customer obtains and consumes the economic benefits of the Group's performance as the Group perform it; the customer can control the products under construction in the course of the Group's performance; The goods produced during the performance of the Group have irreplaceable uses and the Group has the right to receive payments for the portion of the performance that has been completed to date. In addition, the performance of the contract is determined by the input method or the output method according to the nature of the transferred goods. When the performance of the contract cannot be reasonably determined, if the expenses incurred by the Group are expected to be compensated, the revenue will be recognized according to the amount of costs incurred until the performance of the contract can be achieved reasonably.

If one of the above conditions is not met, the Group will distribute the transaction price confirmation revenue of the individual performance obligation when the customer obtains control of the relevant commodity. When determining whether the customer has obtained control of the commodity, the Group will consider the following situations: the Group has the current right to collect the goods, which means that the customer has a current payment obligation for the goods; the Company has transferred the legal title of the item to the customer, which means that the customer has already own the legal title of the item; the Group has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind; the Group has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods; the customer has accepted the goods. The other indications that the customer has obtained control of the goods.

### 20.1 Revenue from sales of goods

The Group's merchandise sales are mainly divided into retail sales and wholesale sales. Revenues of retail sales are recognized, when goods are sold to customers, the customers receive the goods, and the Group collects payments of goods or has a right to collect payments of goods; in addition, revenue of wholesale sales are recognized, when the goods are sent to clients and the clients check, receive and confirm the goods, and the Group collects payments of goods or has a right to collect payments of goods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

As for the business that selling goods with award credits for customers, when selling the goods, the Group will apportion the purchase price or the receivables of the goods between the income from the sale of the goods and the individual sales price determined by the award credits, and The amount of the purchase price or the receivables minus the bonus points shall be recognized as revenue. The award credits shall be recognized as deferred income.

For sale of goods that result in award credits for customers, the Group allocates the consideration received or receivable between the revenue from sale of goods and the fair value of the award credits. the consideration received or receivable after deduction of the portion attributable to the fair value of the award credits is recognized as revenue, the portion of the fair value of the award credits is recognized as contract liability.

When a customer redeems the award credits, the Group reclassifies the amount associated with the credits redeemed from deferred income to revenue. The amount of revenue recognized is based on the number of award credits that have been redeemed in exchange for awards, relative to the total number of award credits expected to be redeemed.

## **20.2 Revenue from rendering of services**

When the amount of revenue from rendering of services can be reliably measured, the associated economic benefits probably flow into the Group, the stage of completion of the transaction can be measured reliably and the costs incurred and to be incurred for the transaction can be measured reliably, the revenue from rendering of services is recognized.

Where the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be compensated, and the service costs incurred are regarded as the current cost; if the service costs incurred are not compensated as anticipated, no revenue is recognized.

Revenue from service of the Group mainly includes the promotional activities. When the various services have been provided and related economic benefit probably flow into the enterprise, revenue from provision of service is recognized.

## **21 Government grants**

Government grants are transfers of monetary assets and non-monetary assets from the government to the Group, which do not include any capital contribution from the government as an investor. Government grants include government grants related to assets and government grants related to income. The Group defines government grants that are acquired for the acquisition or otherwise formation of long-term assets as government grants related to assets, and the rest of them are defined as government grants related to income. If the government documents do not have a specific classification, the grants will be divided into government grants related to assets and government grants related to income by the following methods: (1) the government documents confirm the specific programme of the grants, according to the proportion, which based on the grants expend on assets and expenses separately in the specific programme's budget, it is used to divide the government grants. Meanwhile, the division ratio will be reviewed at each balance sheet date and changed it if necessary. (2) The government documents do not confirm the specific programme and only have a general explanation for the programme, which will be regard as government grants related to income. If a government grant is a transfer of a monetary asset, it is measured at amounts received or receivable, otherwise, a non-monetary asset will be measured at fair value. If the fair value is not accurate, the grant is measured at nominal amount and credited to the current profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

The government grants of the Group are normally recognized and measured at the moment they are actually received. However, if they have conclusive evidence to prove that they can correspond the relevant provisions of the financial support policies and they will receive the financial support funds in the future, it is measured by the amount of money receivable. The government grants that measured by the amount of money receivable will meet the following conditions simultaneously: (1) the amount of receivables have been confirmed by the documents, which issued by the related authorities of the government, or the Group calculate reasonable receivables depending on the relevant provisions of officially released Measures for the Administration of Financial Funds, as well as, there is no significant uncertainty about the amount; (2) According to the regulations based on 'Government Information Disclosure Ordinance' issued by local finance department officially, the financial support project and Measures for the Administration of Financial Funds should be initiative publicly. The formulation of this management approach is general and benefit for all enterprise, instead of a specific enterprise, which means the company who meets the specified conditions can apply it; (3) the approval of the related grants has promised the disbursement period, and the payment is guaranteed by the corresponding budget. Thus, they have a reasonable guarantee about the grants and will receive them within the prescribed time.

A government grant related to assets is recognized as deferred income, it is allocated to the profit or loss for the period over the useful life of related assets reasonably and systematically, or offset the book value of related assets. For a government grant related to income, if the grant is a compensation for related expenses and losses to be incurred in subsequent periods, the grant is recognized as deferred income and charged in the profit or loss over the period in which the related costs are recognized, or offset the related cost; if the grant is a compensation for related expenses and losses already incurred, the grant is recognized immediately in profit or loss for the current period, or offset the related cost.

At the same time, if the government grants contain both assets related and income related, the accounting treatment will depend on the different parts of government grants; if it is difficult to distinguish, the whole government grants are classified as the income-related government grants.

The government grants related to daily activities of the Group relying on the essence of economic business, the grant is recognized in other income or offset related expenses of cost, otherwise, recognized in non-operating income or non-operating expenses.

When the government grants that confirmed by the Group required to be returned, if they have the balance of related deferred income, they can offset the book value of them, the other government grants are classified as current profits and losses or adjust the book value of the assets. If not, the government grants are included in the current profits and losses directly.

## 22 Deferred tax assets and deferred tax liabilities

### 22.1 Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. The taxable income used for calculation of current income tax is calculated based on the current period adjusted taxable profit in compliance with the regulation of taxation law.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **22.2 Deferred tax assets and deferred tax liabilities**

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For taxable temporary difference which is related to the initial recognition of goodwill and the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profits or taxable income (or deductible losses), a deferred tax liability is not recognized. In addition, for deductible temporary difference arising from investments in subsidiaries, associates and joint ventures, the Group shall recognize a deferred tax liability for all taxable temporary difference except to the extent that the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary difference which is related to the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or taxable income (or deductible losses), a deferred tax asset is not recognized. In addition, for deductible temporary difference arising from investments in subsidiaries, associates and joint ventures, the Group shall recognize a deferred tax asset for other deductible temporary difference to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be deducted except to the extent that it is not probable that the temporary difference will reverse in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be deducted.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable income will be available in the future to allow the benefit of deferred tax assets to be deducted. Such reduction in amount is reversed when it is probable that sufficient taxable income is available.

## **22.3 Income tax**

Income tax comprises current and deferred tax.

Income tax is recognized as an income or an expense and included in the income statement for the current period, except to the extent that the current income tax related to a transaction or events which is recognized under other comprehensive income or directly recorded in equity, deferred tax recorded under other comprehensive income or equity, and deferred tax arises from a business combination that have impact on the carrying value of goodwill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## **22.4 Offsetting of income taxes**

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## **23 Lease**

Leases are defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

### **23.1 The Group as a lessee**

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability, except for short-term leases that simplify processing and low-value asset leases.

The right-of-use asset measured Initially at cost, the cost of the right-of-use asset shall comprise: ① the amount of the initial measurement of the lease liability; ② any lease payments made at or before the commencement date, less any lease incentives received; ③ any initial direct costs incurred by the lessee; ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The straight-line method is used by the Group to withdraw depreciation of the right-of-use assets based on the lease term specified in the lease contract from the lease start date; and the Group determines whether the right-of-use asset is impaired in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets" and accounts for the recognized impairment losses (refer to Note IV. 18 "Long-term asset impairment").

A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments is the payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the following: ① fixed payments (including in-substance fixed payments), less any lease incentives; ② variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; ③ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and ④ payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. ⑤ amounts expected to be payable by the lessee under residual value guarantees. The Group calculates the interest expense of the lease liability for each period of the lease term according to a fixed periodic interest rate, and it is included in the current profit or loss or capitalized into the value of the relevant assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss or related asset costs in the period in which they are incurred.

For short-term leases and low-value assets leases, the Group has chosen to simplify the processing and to include the relevant asset costs or current profits and losses in a straight-line method or other systematically reasonable method during each period of the lease term.

When the lease scope, lease consideration, and lease term change other than the original contract terms occur, the Group will treat the lease change as a separate lease or as a separate lease for accounting treatment. When it is not a separate lease, the company re-measures the lease liability based on the present value of the lease payment and the revised discount rate on the effective date of the lease change, and adjusts the book value of the right-of-use asset accordingly. The book value of the right-of-use asset has been reduced to zero. However, if the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

All lease contracts of the Group, as long as they meet the scope and conditions of the “Regulations on Accounting Treatment of Rental Concessions Related to the New Coronary Pneumonia Epidemic” (Cai Kuai [2020] No. 10), that is the lease consideration after concession is reduced or basically unchanged from before the concession; the concession is only for the lease payments payable before 30 June 2021; after considering qualitative and quantitative factors, it is determined that there are no major changes in other terms and conditions of the lease, the following simplified methods will be adopted for rent reductions, deferred payment, and other rent reductions since 1 January 2020:

Continue to calculate the interest expense of the lease liability at the same discount rate as before the reduction and include it in the current profit and loss, continue to use the same method as before the reduction to withdraw depreciation and other subsequent measurement of the right-of-use asset. The Group treats the reduced or exempted rent as a variable lease payment. When the original rent payment obligation is reached, such as a reduction agreement, the cash amount is discounted at the discount rate before reduction to offset the relevant asset costs or expenses, and the lease liability is adjusted accordingly; If the payment of rent is delayed, the lease liability recognized in the previous period shall be offset when the actual payment is made. For short-term leases and leases of low-value assets that adopt simplified treatment, the Group continues to account for the original contractual rent as related asset costs or expenses using the same method as before concessions, and treats the reduced rent as variable lease payments, offsetting the relevant asset costs or expenses during the concession period. In case of deferred rental payments, the rent payable shall be recognized as a payable during the original payment period, and the payable recognized in the previous period shall be offset upon actual payment.

## **23.2 The Group as a lessor**

### *23.2.1 The classification of leases*

A lessor shall classify each of its leases as either a finance lease or an operating lease, based on the substance of the transaction at the commencement date. A finance lease refers to that a lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is the other lease that except a finance lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 23.2.2 Operating leases

A lessor shall recognise lease payments from operating leases as rental income for each period of the lease term on either a straight-line basis or another systematic basis. The initial direct costs related to operating leases are capitalized as incurred, and it is included in the current profit and loss in the same period as the confirmed rental income, during the entire lease period. The variable lease payments that are not included in the lease payments related to the operating leases are recognised in profit or loss when incurred.

## 23.2.3 Finance leases

At the commencement date, the Group confirms the financing lease receivable and terminates the recognition of the finance lease assets.

The finance lease receivables are initially measured at the sum of the un-guaranteed residual value and the lease receivables that have not been received on the lease beginning date, based on the sum of the present value of the leased interest rate, which comprises the following: A. fixed payments and in-substance fixed payments, less any lease incentives payable; B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; C. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; D. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; E. any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

The variable lease payments received by the Group that are not included in the measurement of the net amount of the leased investment are recognised in profit or loss in the period in which they are incurred.

## 24 Changes in significant accounting policies and accounting estimates

### (1) Changes in accounting policies

The Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 17" (CaiKui [2023] No. 21) on October 25, 2023. The Company has implemented the "Classification of Current Liabilities and Non-current Liabilities," "Disclosure of Supplier Financing Arrangements," and "Accounting Treatment of Sale-and-Leaseback Transactions" from January 1, 2024. The aforementioned regulations have not had a significant impact on the Company's financial reporting.

### (2) Changes in accounting estimates

None.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## V. TAXATION

### 1. Major taxes and tax rates

Tax types	Tax basis	Tax rate
Value-added tax	Note 1	13%/9%/6%/5%/3%
City construction and maintenance tax	Value-added tax, business tax and consumption tax	5%/7%
Education surcharge	Value-added tax, business tax and consumption tax	3%
Local education surcharge	Value-added tax, business tax and consumption tax	2%
Corporate income tax	Taxable income	See table below

Taxable entities	Tax basis	Tax rate of income tax
Chaopi International Trading (Hong Kong) Co., Ltd.	Note 2	16.5%
Others		25%

*Note 1:* The value-added tax payable is the residual value of the output value-added tax after deduction of input value-added tax. The output value-added tax is computed on a basis of sales resolved by relevant tax laws.

*Note 2:* The Company's subsidiary Chaopi International Trading (Hong Kong) Co., Ltd. was registered and established in Hong Kong and in accordance with Hong Kong taxation law its corporate income tax rate was 16.5%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All AMOUNTS IN RMB UNLESS OTHERWISE STATED.

The following note items (including the main item notes of the company's financial statements) unless otherwise specified, "this period is from 1 January 2024 to 30 June 2024 and the prior period was from 1 January 2023 to 30 June 2023.

### 1. Cash and Bank balances

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Cash on hand	6,057,552	6,720,768
Cash in bank	577,524,333	832,547,628
Other cash and cash equivalents (Note 1)	65,761,932	126,470,440
Total	649,343,817	965,738,836
Including: Overseas deposits (Note 2)	49,030,756	49,807,124

*Note 1:* As of June 30, 2024, the Group's restricted deposit for security was RMB65,761,932 (December 31, 2023: RMB126,470,440), including RMB49,250,994 for notes (December 31, 2023: RMB53,135,440), as shown in Note (VI), 20 Notes Payable, and RMB16,510,938 for loan security (December 31, 2023: RMB73,335,000).

*Note 2:* The bank deposits held abroad are the funds deposited by the subsidiary Chaopi International Trade (Hong Kong) Limited in HSBC Bank (Hong Kong).

### 2. Accounts receivable

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Accounts receivable	1,071,745,325	984,080,370
Total	1,071,745,325	984,080,370

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (1) Presentation of accounts receivable by category:

Category	2024.6.30 (unaudited)				Net book value
	Carrying amount	Proportion (%)	Credit loss allowance		
	Amount		Amount	Rate (%)	
Accounts receivable with single provision for credit loss	24,325,930	2	12,774,812	53	11,551,118
Accounts receivable with credit loss provision based on portfolio	1,109,620,417	98	49,426,210	4	1,060,194,207
Total	1,133,946,347	100	62,201,022	5	1,071,745,325

Category	2023.12.31 (audited)				
	Carrying amount		Credit loss allowance		Net book value
	Amount	Proportion (%)	Amount	Rate (%)	
Accounts receivable with single provision for credit loss	7,824,333	1	7,824,333	100	–
Accounts receivable with credit loss provision based on portfolio	1,038,028,337	99	53,947,967	5	984,080,370
Total	1,045,852,670	100	61,772,300	6	984,080,370

## (2) Presentation of accounts receivable according to aging analysis

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

*Presentation of accounts receivable according to credit loss allowance by aging analysis*

Aging	2024.6.30 (unaudited)		
	Carrying amount	Credit loss allowance	Proportion %
Within 1 year	913,217,575		0
1-2 years	131,246,347	3,937,391	3
2-3 years	12,363,688	1,236,369	10
3-4 years	7,778,565	1,944,641	25
4-5 years	5,412,866	2,706,433	50
Over 5 years	39,601,376	39,601,376	100
Total	1,109,620,417	49,426,210	

*Accounts receivable with single provision for credit loss*

Company	2024.6.30 (unaudited)			
	Accounts receivable	Credit loss allowance	Proportion %	Reason for provision
Beijing Cargo Club Co., Ltd.	3,014,676	3,014,676	100	Cannot be recovered
Beijing all three six five convenience store chain Co. Ltd.	1,927,910	1,927,910	100	Cannot be recovered
Linlijia (Beijing) Trading Co., Ltd	1,658,197	1,658,197	100	Cannot be recovered
Yizhiyao (Tianjin) Technology Development Co., Ltd.	590,468	590,468	100	Cannot be recovered
Datong Yiyang Commercial Co., Ltd.	263,910	263,910	100	Cannot be recovered
Beijing Yuquan Venture Technology Co., Ltd	369,172	369,172	100	Cannot be recovered
Carrefour Beijing Commercial Co., Ltd.	16,501,597	4,950,479	30	Cannot be recovered
Total	24,325,930	12,774,812		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

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

On 30 June 2024, the total accounts receivable due from MeetAll amounted to RMB4,189,942 was limited by being factored to secure certain bank loans of the Group.

On 31 December 2023, the total accounts receivable due from MeetAll amounted to RMB8,350,972 was limited by being factored to secure certain bank loans of the Group.

According to the factoring agreement signed between the Group and Industrial and Commercial Bank of China Limited Taiyuan Jiefang Road Branch ("Industrial and Commercial Bank of China"), Industrial and Commercial Bank of China provides the Group with bank loans not exceeding the factoring amount of accounts receivable. Industrial and Commercial Bank of China collects the full amount of accounts receivable and only pays the Group amounts exceeding the loan amount. Due to the fact that the Group has not transferred a specific and identifiable portion of its cash flow, nor has it transferred a certain proportion of its total cash flow or a certain proportion of its specific and identifiable portion, the Group is unable to apply a derecognition model to the factoring of accounts receivable.

Since factored accounts receivable is on full recourse basis, the Group has not transferred the significant risks and rewards relating of these receivables, it continues to recognize the receivables and has recognized the cash received from the bank as accounts receivable secured loan (See Note (VI) 19).

<b>Content of accounts receivable</b>	<b>Factoring accounts receivable on full recourse basis</b>	
	<b>2024.6.30 (unaudited)</b>	<b>2023.12.31 (audited)</b>
Carrying amount of transferred assets	<b>4,189,942</b>	8,350,972
Carrying amount of related liabilities	<b>4,189,942</b>	8,350,972
Net book value	—	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 3. Prepayments

### Presentation of prepayments according to aging analysis

Aging	2024.6.30 (unaudited)		2023.12.31 (audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	768,523,599	100	1,006,417,128	100
Total	768,523,599	100	1,006,417,128	100

As of June 30, 2024, and December 31, 2023, there were no prepayments made to shareholders holding 5% or more of the voting shares in the Group.

## 4. Other receivables

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Other receivables	209,936,923	155,398,786
Interest receivables	—	—
Dividend receivables	—	—
Total	209,936,923	155,398,786

### Details of other receivables

#### (1) Presentation of other receivables by category

Category	2024.6.30 (unaudited)		2023.12.31 (audited)		Net book value
	Carrying amount Amount	Proportion (%)	Credit loss allowance Amount	Rate (%)	
Other receivables for which credit loss provisions is assessed individually	1,096,651	0	1,070,751	98	25,900
Other receivables with credit loss provision based on portfolio	220,576,610	100	10,665,587	5	209,911,023
Total	221,673,261	100	11,736,338	5	209,936,923

Category	2023.12.31 (audited)		2023.12.31 (audited)		Net book value
	Carrying amount Amount	Proportion (%)	Credit loss allowance Amount	Rate (%)	
Other receivables for which credit loss provisions is assessed individually	1,059,651	0	1,059,651	100	—
Other receivables with credit loss provision based on portfolio	163,360,064	100	7,961,278	5	155,398,786
Total	164,419,715	100	9,020,929	5	155,398,786

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (2) Presentation of other receivables according to aging analysis

Aging	Carrying amount	2024.6.30 (unaudited)		Net book value
		Proportion %	Credit loss allowance	
Within 1 year	170,225,195	77		170,225,195
1-2 years	28,148,157	13	843,682	27,304,475
2-3 years	4,466,840	2	464,683	4,002,157
3-4 years	7,820,370	3	1,955,093	5,865,277
4-5 years	5,079,639	2	2,539,820	2,539,819
Over 5 years	5,933,060	3	5,933,060	—
Total	221,673,261	100	11,736,338	209,936,923

Other receivables that are individually significant and for which credit loss allowance has been assessed individually

Content of other receivables	Carrying amount	Credit loss allowance	Rate %	Reason
Naaisi Lishui Sales Co., Ltd.	304,140	304,140	100	Cannot be recovered
Dumex Infant Food Co., Ltd.	203,923	203,923	100	Cannot be recovered
Guangzhou Qunhe Cosmetics Co., Ltd.	200,000	200,000	100	Cannot be recovered
Ferrero Trading (Shanghai) Co., Ltd.	184,784	184,784	100	Cannot be recovered
Beijing Cargo Club Co., Ltd.	97,516	97,516	100	Cannot be recovered
China Resources Vanguard Supermarket Co., Ltd.	49,288	49,288	100	Cannot be recovered
Beijing Carrefour Commercial Co., Ltd.	37,000	11,100	30	Cannot be recovered
Yizhiyao (Tianjin) Technology Development Co., Ltd.	20,000	20,000	100	Cannot be recovered
Total	1,096,651	1,070,751		

## Presentation of other receivable according to credit loss allowance by aging analysis

Aging	2024.6.30 (unaudited)		
	Other receivables	Credit loss allowance	Proportion %
Within 1 year	170,225,195		0
1-2 years	28,122,257	843,681	3
2-3 years	4,446,840	444,684	10
3-4 years	7,820,370	1,955,093	25
4-5 years	5,079,639	2,539,820	50
Over 5 years	4,882,309	4,882,309	100
Total	220,576,610	10,665,587	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 5. Inventories

### *Presentation of Inventories by category*

Item	Carrying amount	2024.6.30 (unaudited)	
		Impairment	Net book value
Merchandise inventory	1,558,069,151	–	1,558,069,151
Raw material	1,262,624	–	1,262,624
Goods in process	–	–	–
Low-value consumables	–	–	–
Total	1,559,331,775	–	1,559,331,775

Item	Carrying amount	2023.12.31 (audited)	
		Impairment	Net book value
Merchandise inventory	1,612,605,227	–	1,612,605,227
Raw material	2,375,521	–	2,375,521
Goods in process	–	–	–
Low-value consumables	–	–	–
Total	1,614,980,748	–	1,614,980,748

## 6. Non-current assets due within one year

### *Presentation of other equity instrument investment*

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Long-term receivables from Shoulian Group	36,795,681	38,552,635
Total	36,795,681	38,552,635

*Note:* As of June 30, 2024, these long-term receivables represent the fund loans provided by Shoulian Supermarket and Lianchao Company to Shoulian Group. Originally, both parties agreed on a repayment date of December 31, 2022. However, on December 31, 2021, Shoulian Supermarket and Lianchao Company separately signed supplementary agreements with Shoulian Group, extending the repayment date to December 31, 2024. The annual interest rate for the aforementioned long-term receivables is 3.85%, and interest accrues from January 1, 2022, based on the one-year Loan Prime Rate (LPR). Additionally, this receivable is secured by Shoulian Group's real estate and land use rights, with a fair value not less than the balance of the receivable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 7. Other current assets

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Deductible input value-added tax	195,494,192	172,089,198
Prepaid lease expenses	—	69,006
Prepaid heating expenses	—	4,009,946
Other prepaid expenses (Note)	38,386	1,968,247
Receivable return cost	9,936,934	4,645,538
Total	205,469,512	182,781,935

Note: Other prepaid expenses mainly include prepaid property management fees, cleaning fees, security fees, etc.

## 8. Other equity instrument investment

### Presentation of other equity instrument investment

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Yibin Wushang Equity Interest Investment Fund (Limited Partnership)	43,000,000	43,000,000
Total	43,000,000	43,000,000

Note: Chaopi Trading, a subsidiary of our company, subscribed for a 4.2480% share of Yibin Wushang Equity Investment Fund (Limited Partnership) with RMB43 million in monetary funds in December 2022, becoming its limited partner.

## 9. Other non-current financial assets

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Classified financial assets at fair value through profit or loss	52,872,932	56,536,513
Including: Debt instrument investments	—	—
Equity instrument investments (Note)	52,872,932	56,536,513
Subtotal	52,872,932	56,536,513
Less: Current portion that matures within one year	—	—
Total	52,872,932	56,536,513

Note: Chaopi Trading, a subsidiary of our company, subscribed to Junxiang Wuliangye Fund No. 1 with RMB11.67 million in monetary funds in April 2018, holding 11,638,983.05 fund units. In August 2021, 10% (1,163,898 units) were redeemed, and in September 2022, 1,582,900 units were redeemed, leaving a remaining holding of 8,892,185.05 fund units.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 10. Investment properties

### *Investment properties under the cost method*

Item	Buildings	Land use rights	Total
<b>I. Original carrying amount</b>			
1. 2023.12.31 (audited)	139,248,592	122,900,708	262,149,300
2. Increase in the period	—	—	—
(1) Revised carrying amount by the company	—	—	—
(2) Increase in business combination	—	—	—
3. Decrease in the period	—	—	—
(1) Transferred to the fixed assets	—	—	—
(2) Transfer to intangible assets	—	—	—
4. 2024.6.30 (unaudited)	139,248,592	122,900,708	262,149,300
<b>II. Accumulated depreciation and amortization</b>			
1. 2023.12.31 (audited)	80,799,879	36,938,304	117,738,183
2. Increase in the period	2,415,809	1,716,602	4,132,411
(1) Accrual or amortization	2,415,809	1,716,602	4,132,411
(2) Transfer from fixed assets	—	—	—
(3) Increase in business combination	—	—	—
3. Decrease in the period	—	—	—
(1) Transferred to the fixed assets	—	—	—
(2) Transfer to intangible assets	—	—	—
4. 2024.6.30 (unaudited)	83,215,688	38,654,906	121,870,594
<b>III. Net book value</b>			
1. 2024.6.30 (unaudited)	56,032,904	84,245,802	140,278,706
2. 2023.12.31 (audited)	58,448,713	85,962,404	144,411,117

As of June 30, 2024, and December 31, 2023, there was no investment property used as collateral for the Group's long-term bank loans.

At both June 30, 2024, and December 31, 2023, the land use rights within the Group's investment properties were all categorized as medium-term leases.

## 11. Fixed assets

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Fixed assets	679,195,272	711,742,851
Disposal on fixed assets	214,536	25,437
Total	679,409,808	711,768,288

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (1) Details of fixed assets

Item	Buildings	Machinery and equipment	Electronic devices and others	Transportation vehicles	Total
<b>I. Original carrying amount</b>					
1. 2023.12.31 (audited)	1,140,287,642	777,897,353	173,517,996	44,174,477	2,135,877,468
2. Increase in the period	804,641	2,304,942	2,216,823	910,652	6,237,058
(1) Purchase	173,324	2,304,942	2,216,823	910,652	5,605,741
(2) Transferred from the construction in process	631,317				631,317
(3) Transferred from the investment properties					
(4) Accept donations					
3. Decrease in the period		11,508,623	4,255,836	3,829,668	19,594,127
(1) Disposal or retirement		11,508,623	4,255,836	3,829,668	19,594,127
(2) Transferred to the investment properties					
4. 2024.6.30 (unaudited)	1,141,092,283	768,693,672	171,478,983	41,255,461	2,122,520,399
<b>II. Accumulative depreciation</b>					
1. 2023.12.31 (audited)	581,117,850	649,758,326	149,662,091	43,596,350	1,424,134,617
2. Increase in the period	19,416,638	11,735,988	5,095,428	403,688	36,651,742
(1) Accrual	19,416,638	11,735,988	5,095,428	403,688	36,651,742
(2) Transferred from the investment properties					
3. Decrease in the period		10,175,595	4,068,523	3,217,114	17,461,232
(1) Disposal or retirement		10,175,595	4,068,523	3,217,114	17,461,232
(2) Transferred to investment properties					
4. 2024.6.30 (unaudited)	600,534,488	651,318,719	150,688,996	40,782,924	1,443,325,127
<b>III. Net book value</b>					
1. 2024.6.30 (unaudited)	540,557,795	117,374,953	20,789,987	472,537	679,195,272
2. 2023.12.31 (audited)	559,169,792	128,139,027	23,855,905	578,127	711,742,851

## (2) Disposal on fixed assets

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Equipments	214,536	25,437
Total	214,536	25,437



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 12. Construction in progress

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Construction in progress	135,775,067	126,502,959
Engineer material	—	—
Total	135,775,067	126,502,959

### (1) Details of construction in progress

Item	2024.6.30 (unaudited)			2023.12.31 (audited)		
	Carrying amount	Impairment	Net book value	Carrying amount	Impairment	Net book value
Pingfang Project	43,859,815	—	43,859,815	43,859,815	—	43,859,815
Pingfang Refrigeratory Project	9,617,821	—	9,617,821	9,617,821	—	9,617,821
System Software Project	55,770,550	—	55,770,550	57,412,792	—	57,412,792
Other	26,526,881	—	26,526,881	15,612,531	—	15,612,531
Total	135,775,067	—	135,775,067	126,502,959	—	126,502,959

### (2) Changes in significant construction in progress in the current period

Item	Budget amount	2023.12.31 (audited)	Increase in the period	Transferred to fixed assets, intangible assets or long-term prepaid expenses	Other deduction	2024.6.30 (unaudited)
Pingfang Project	73,655,986	43,859,815	—	—	—	43,859,815
Pingfang Refrigeratory Project	35,047,286	9,617,821	—	—	—	9,617,821
System Software Project	73,474,991	57,412,792	4,992,614	6,634,856	—	55,770,550
Others	98,458,747	15,612,531	13,610,717	2,696,367	—	26,526,881
Total	280,637,010	126,502,959	18,603,331	9,331,223	—	135,775,067

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Project name	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: Capitalized interest in the period	Interest capitalization rate for the period (%)	Source of funds
Pingfang Project	60	60	425,988	-	-	Own funds and bank loans
Pingfang Refrigeratory Project	27	27	-	-	-	Own funds and bank loans
System Software Project	76	76	-	-	-	Own funds and bank loans
Others	27	27	435,319	-	-	Own funds and bank loans
Total	-	-	861,307	-	-	Own funds and bank loans

## 13. The right-of-use asset

Item	Buildings	Total
<b>I. Original carrying amount</b>		
1. 2023.12.31 (audited)	1,041,275,385	1,041,275,385
2. Increase in the period	426,381,353	426,381,353
Asset lease	426,381,353	426,381,353
3. Decrease in the period	23,587,969	23,587,969
(1) Early termination of asset lease	5,230,389	5,230,389
(2) Lease expires	12,302,729	12,302,729
(3) Lease change remeasurement	6,054,851	6,054,851
4. 2024.6.30 (unaudited)	1,444,068,769	1,444,068,769
<b>II. Accumulative depreciation</b>		
1. 2023.12.31 (audited)	509,242,692	509,242,692
2. Increase in the period	63,671,383	63,671,383
Accrual	63,671,383	63,671,383
3. Decrease in the period	17,913,928	17,913,928
(1) Dispose	3,105,006	3,105,006
(2) Termination of asset lease	12,096,932	12,096,932
(3) Lease change remeasurement	2,711,990	2,711,990
4. 2024.6.30 (unaudited)	555,000,147	555,000,147
<b>III. Net book value</b>		
1. 2024.6.30 (unaudited)	889,068,622	889,068,622
2. 2023.12.31 (audited)	532,032,693	532,032,693

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 14. Intangible assets

Item	Land use rights	Software	Operation rights of distribution network	Total
<b>I. Original carrying amount</b>				
1. 2023.12.31 (audited)	348,321,534	63,820,727	12,551,049	424,693,310
2. Increase in the period	—	4,402,947	—	4,402,947
(1) Purchase	—	1,503,885	—	1,503,885
(2) Transferred from the construction in process	—	2,899,062	—	2,899,062
(3) Transferred from the investment properties	—	—	—	—
(4) Business mergers increase	—	—	—	—
3. Decrease in the period	—	—	—	—
4. 2024.6.30 (unaudited)	348,321,534	68,223,674	12,551,049	429,096,257
<b>II. Accumulated amortization</b>				
1. 2023.12.31 (audited)	106,379,509	44,312,850	12,462,255	163,154,614
2. Increase in the period	4,570,534	2,117,159	25,321	6,713,014
(1) Accrual	4,570,534	2,117,159	25,321	6,713,014
(2) Transferred from the investment properties	—	—	—	—
(3) Business mergers increase	—	—	—	—
3. Decrease in the period	—	—	—	—
4. 2024.6.30 (unaudited)	110,950,043	46,430,009	12,487,576	169,867,628
<b>III. Net book value</b>				
1. 2024.6.30 (unaudited)	237,371,491	21,793,665	63,473	259,228,629
2. 2023.12.31 (audited)	241,942,025	19,507,877	88,794	261,538,696

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 15. Goodwill

### Original carrying amount of goodwill

Name of the investee or item resulting in goodwill	2023.12.31 (audited)	Increase in the period		Decrease in the period		2024.6.30 (unaudited)
		Business combination	Others	Disposal	Others	
Acquisition of Shouchao Group	86,673,788	–	–	–	–	86,673,788
Total	86,673,788	–	–	–	–	86,673,788

As of June 30, 2024, and December 31, 2023, this balance represents the goodwill arising from the acquisition of Shoulian Supermarket and its subsidiaries (hereinafter referred to as “Shoulian Group”) and Beijing Jingchao Commercial Co., Ltd. (hereinafter referred to as “Jingchao”).

The goodwill acquired by the Group from the acquisition of Shoulian Group and Jingchao is subject to impairment testing by treating the assets related to the retail business within Shoulian Group after the merger with Jingchao as an asset group. This asset group belongs to the retail segment.

According to the “Asset Appraisal Report on the Recoverable Amount of the Relevant Asset Group Formed by the Goodwill Arising from Beijing Jingkelong Commercial Group Co., Ltd.’s Acquisition of 100% Equity of Beijing Shoulian Supermarket Co., Ltd. and 86% Equity of Beijing Jingchao Commercial Co., Ltd. for the Purpose of Financial Reporting” (Huayazhengxin Appraisal Report No. [2024] A01-0015) issued by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd., which was engaged by the Group, the recoverable amount of the asset group or combination of asset groups of Shoulian Group, including goodwill, is higher than the carrying value of the asset group including the overall goodwill. Therefore, there is no need to recognize any impairment loss on goodwill during the current period.

## 16. Long-term prepaid expenses

Item	2023.12.31 (audited)	Increase in the period	Amortization in the period	Other deduction	2024.6.30 (unaudited)	Other reduces reasons
Transferred from construction in progress to leasehold improvements	110,094,722	7,556,935	12,709,579	2,840,341	102,101,737	Dispose
Total	110,094,722	7,556,935	12,709,579	2,840,341	102,101,737	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 17. Deferred tax assets/deferred tax liabilities

### (1) Deferred tax assets without offset

Item	2024.6.30 (unaudited)		2023.12.31 (audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax asset
Taxable government grants	12,866,399	3,216,600	15,437,674	3,859,419
Unrealized profits from internal transactions	2,483,953	620,988	2,968,465	742,116
Implementation of the new lease standard	1,011,198,311	252,799,577	602,636,931	150,659,232
Total	1,026,548,663	256,637,165	621,043,070	155,260,767

### (2) Deferred tax liabilities without offset

Item	2024.6.30 (unaudited)		2023.12.31 (audited)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustment of assets received through non-monetary asset exchange	6,689,978	1,672,495	7,223,197	1,805,799
Changes in fair value of financial assets measured at fair value through profit or loss for the current period	43,957,052	10,989,263	47,620,632	11,905,159
Capitalized interest adjustment of borrowing costs	—	—	—	—
Difference between the fair value and the carrying amount of subsidiary merger and acquisition	2,326,360	581,590	2,384,237	596,059
Implement new leasing guidelines	889,068,622	222,267,155	532,032,693	133,008,173
Total	942,042,012	235,510,503	589,260,759	147,315,190

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (3) Net deferred tax assets or liabilities with offset

Item	Offset amount of deferred tax assets and deferred tax liabilities at the end of year	Amount after offset of deferred tax assets and deferred tax liabilities 2024.6.30 (unaudited)	Offset amount of deferred tax assets and deferred tax liabilities in the beginning of year	Amount after offset of deferred tax assets and deferred tax liabilities 2023.12.31 (audited)
Deferred tax assets	223,835,439	32,801,726	134,739,121	20,521,646
Deferred tax liabilities	223,835,439	11,675,064	134,739,121	12,576,069

## 18. Other non-current assets

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Security deposit	40,592,088	39,154,447
Prepaid construction fees	194,473	1,626,731
Shuangqiao Project (Note 1)	50,232,653	50,232,653
Total	91,019,214	91,013,831

Note 1: On November 24, 2022, the Company signed the "Land Return and Handover Record" with the Guanzhuang Township People's Government of Chaoyang District, Beijing, and the Xianninghou Village Committee of Guanzhuang Township, Chaoyang District, Beijing, to return and hand over the land involved in the Shuangqiao Project. Meanwhile, the Company filed a lawsuit against the Guanzhuang Township People's Government of Chaoyang District, Beijing, and the Guanzhuang Agricultural, Industrial, and Commercial Joint Venture of Chaoyang District, Beijing, in July 2022, requesting the defendants to return the compensation fee of RMB45,132,000 and the corresponding interest.

## 19. Short-term borrowings

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Accounts receivable secured loan (Note 1)	4,189,942	8,350,972
Guaranteed loan (Note 2)	1,563,310,216	2,508,594,547
Unsecured loan (Note 3)	954,652,000	470,000,000
Pledged Loan (Note 4)	37,074,975	155,561,096
Undue interest payable	4,367,746	5,502,881
Total	2,563,594,879	3,148,009,496

As of June 30, 2024, and December 31, 2023, the annual interest rates for the aforementioned short-term borrowings ranged from 2.65% to 6.84% and 2.65% to 6.93%, respectively, and there were no outstanding loans that had matured but not been repaid.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

*Note 1:* As of June 30, 2024, these short-term borrowings were obtained through factoring arrangements using certain accounts receivable totaling RMB4,189,942 (December 31, 2023: RMB8,350,972) of the Group, as detailed in Note 6, 2.

*Note 2:* As of June 30, 2024, among these short-term borrowings, RMB354,730,000 were loans taken by Chaopi Trading, a subsidiary of the Company, guaranteed by the Company; RMB10,000,000 were loans taken by a subsidiary of Chaopi Trading, guaranteed by the Company; RMB598,580,216 were loans taken by a subsidiary of Chaopi Trading, guaranteed by Chaopi Trading; and RMB600,000,000 were loans taken by the Company, guaranteed by Chaopi Trading.

As of December 31, 2023, among these short-term borrowings, RMB1,200,491,922 were loans taken by Chaopi Trading, a subsidiary of the Company, guaranteed by the Company; RMB30,000,000 were loans taken by a subsidiary of Chaopi Trading, guaranteed by the Company; RMB628,102,625 were loans taken by a subsidiary of Chaopi Trading, guaranteed by Chaopi Trading; and RMB650,000,000 were loans taken by the Company, guaranteed by Chaopi Trading.

*Note 3:* As of June 30, 2024, the credit borrowings included short-term loans of RMB429,000,000, RMB96,000,000, RMB159,652,000, and RMB70,000,000 extended to the Company by the Beijing Branch of China CITIC Bank, the Beijing Branch of Bank of Jiangsu, the Beijing Branch of China Minsheng Bank, and the Beijing Branch of China Everbright Bank, respectively. No guarantees were requested from the Group for these loans.

As of December 31, 2023, among the credit borrowings, Industrial and Commercial Bank of China Limited Beijing Chaoyang Sub-branch has issued a short-term loan of RMB200,000,000 to the company, and has not required the Group to provide any guarantees for such borrowings; the credit borrowings included short-term loans of RMB200,000,000 and RMB200,000,000 extended to the Company by the Beijing Guohang Building Sub-branch of Industrial and Commercial Bank of China and the Beijing Taiyanggong Sub-branch of China CITIC Bank, respectively. No guarantees were requested from the Group for these loans. Additionally, short-term loans of RMB50,000,000, RMB10,000,000, and RMB10,000,000 were extended to subsidiaries of Chaopi by China Everbright Bank Beijing Tongzhou Sub-branch, Beijing Rural Commercial Bank Co., Ltd. CBD Sub-branch, and China Everbright Bank Beijing Dongchang'an Street Sub-branch, respectively. No guarantees were requested from the Group for these loans either.

*Note 4:* As of June 30, 2024, the pledged loans involved Chaopi Trading pledging its time deposit of RMB8,130,000 to The Hongkong and Shanghai Banking Corporation Limited (China) Beijing Branch as collateral to secure a loan of USD5,202,191 for Chaopi Trading's subsidiary, International Trade Hong Kong. Converted at the USD-RMB exchange rate of 7.1268 on June 30, 2024, this equates to RMB37,074,975.

As of December 31, 2023, the pledged loans involved Chaopi Trading pledging its time deposit of RMB73,335,000 to The Hongkong and Shanghai Banking Corporation Limited (China) Beijing Branch as collateral to secure a loan of USD21,963,530 for Chaopi Trading's subsidiary, Chaopi International Trade Hong Kong. Converted at the USD-RMB exchange rate of 7.0827 on December 31, 2023, this equates to RMB155,561,096.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 20. Notes payable

Category	2024.6.30 (unaudited)	2023.12.31 (audited)
Bank acceptances	292,147,688	301,955,528
Total	292,147,688	301,955,528

As of June 30, 2024, the margin deposits for the issuance of the aforementioned bank acceptance drafts amounted to RMB49,250,994 (December 31, 2023: RMB53,135,440).

All of the Group's bank acceptance drafts will mature within one year.

## 21. Accounts payable

(1) *Accounts payable are listed below according to the nature of the amount:*

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Purchase	511,103,722	528,664,977
Total	511,103,722	528,664,977

(2) *The aging of accounts payable is as follows*

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Within 1 year	477,586,899	500,113,480
1 to 2 years	13,111,479	14,398,689
2 to 3 years	9,078,476	5,641,108
Over 3 years	11,326,868	8,511,700
Total	511,103,722	528,664,977

## 22. Payments received in advance

*Details of payments received in advance*

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Rent received in advance	13,718,844	9,412,156
Total	13,718,844	9,412,156

## 23. Contract Liability

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Procurements received in advance	454,749,119	312,190,012
Total	454,749,119	312,190,012



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 24. Payroll payable

### (1) Details of payroll payable

Item	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)
1. Short-term remuneration	1,571,356	288,607,326	288,745,617	1,433,065
2 Post-employment benefits- defined contribution plans (Note)		34,210,050	34,183,806	26,244
3. Dismissal compensation		885,061	885,061	
4. Other welfare due within one year				
Total	1,571,356	323,702,437	323,814,484	1,459,309

### (2) Short-term remuneration

Item	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)
1) Wages or salaries, bonus, allowance, subsidies		230,642,484	230,642,484	
2) Staff welfare		10,538,830	10,538,830	
3) Social security		21,046,871	21,030,901	15,970
Including: Medical insurance		20,108,925	20,093,337	15,588
Work injury insurance		674,111	673,729	382
Maternity insurance		263,835	263,835	
4) Housing funds		18,909,330	18,909,330	
5) Labor union expenses and employees' education expenses	1,571,356	7,469,811	7,624,072	1,417,095
Total	1,571,356	288,607,326	288,745,617	1,433,065

### (3) Details of defined contribution plan

Item	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)
1) Basic retirement insurance	–	33,151,814	33,126,365	25,449
2) Unemployment insurance	–	1,058,236	1,057,441	795
3) Annuity	–	–	–	–
Total	–	34,210,050	34,183,806	26,244

*Note:* The Group participates in the pension insurance and unemployment insurance plans established by government agencies in accordance with regulations. Under these plans, the Group contributes 16% and 0.5% of employees' basic salaries monthly to these plans, respectively. Apart from these monthly contributions, the Group does not bear any further payment obligations. Corresponding expenditures are recognized in profit or loss for the period or the cost of related assets as they are incurred.

The Group's contributions to the pension insurance and unemployment insurance plans for the current period should be RMB33,126,365 and RMB1,057,441, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 25. Taxes payable

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Value-added tax	21,496,581	21,034,783
Corporate income tax	5,350,261	24,340,106
Personal income tax	3,169,663	684,019
City construction and maintenance tax	560,601	316,606
Education surcharge	383,991	432,429
Stamp duty	1,176,033	968,909
Local education surcharge	254,410	288,094
Other	11,824	15,438
Total	32,403,364	48,080,384

## 26. Other payables

### (1) Presentation of other payables by the nature of accounts

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Other payables	329,710,567	261,646,417
Interest payables	—	—
Dividend payables	23,043,088	5,716,728
Total	352,753,655	267,363,145

### (2) Details of other payables

Presentation of other payables by nature of accounts

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Construction fees payable	9,239,745	26,497,935
Deposit	73,212,133	72,919,524
Others	247,258,689	162,228,958
Total	329,710,567	261,646,417

### (3) Details of dividend payables

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Ordinary shares dividend	—	—
Other minority shareholders' dividend	23,043,088	5,716,728
Total	23,043,088	5,716,728

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

### 27. Non-current liabilities due within one year

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Leases liability due within one year	217,606,090	157,491,015
Total	217,606,090	157,491,015

### 28. Other current liabilities

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Refund payable	10,870,530	5,348,825
Accrued expenses	–	5,637,009
Deferred income due within one year	57,280,089	40,293,392
Total	68,150,619	51,279,226

#### Accrued expenses

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Accrued rent expenses	–	1,004,093
Accrued audit expenses	–	238,164
Others	–	4,394,752
Total	–	5,637,009

### 29. Lease liability

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Lease Payments	1,066,415,970	689,126,231
Less: Unrecognized financing charges	55,217,659	86,489,300
Reclassified to non-current liabilities due within one year	217,606,090	157,491,015
Net lease liability	793,592,221	445,145,916

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 30. Government grants

### Details of government grants

Classification	Amount	Presentation project	Amount included in current profit and loss
Government grants related to assets are amortized this year	1,385,404	Other income	1,385,404
Ease the employment pressure	2,571,276	Other income	2,571,276
Other	488,504	Other income	488,504
Total	4,445,184		4,445,184

## 31. Deferred income

Item	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)	Reasons
Government grants	15,437,674	—	2,571,275	12,866,399	—
Total	15,437,674	—	2,571,275	12,866,399	—

### Including, the project related to Government grants:

Item	2023.12.31 (audited)	Increase in the period	Included non- operating income	Included other income	Other change	2024.6.30 (unaudited)	Related to assets/ income
Guidance fund for the development of the living service industry of Chaoyang District Finance Bureau in 2018	1,474,137	—	—	210,591	—	1,263,546	Related to assets
Received funding from Chaoyang District Development and Reform Commission, Beijing, in 2022	1,471,772	—	—	121,180	—	1,350,592	Related to assets
Energy-saving development fund allocated by Chaoyang District Development and Reform Commission in 2018	1,227,167	—	—	184,075	—	1,043,092	Related to assets
Guidance Fund for the Development of Living Service Employment from the Logistics Service Center of Chaoyang District Government, Beijing, in 2020	1,200,000	—	—	100,000	—	1,100,000	Related to assets
Special Fund Project for Energy Conservation and Carbon Reduction in 2020	1,039,976	—	—	86,664	—	953,312	Related to assets
Other	9,024,622	—	—	1,868,765	—	7,155,857	Related to assets
Total	15,437,674	—	—	2,571,275	—	12,866,399	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Government subsidies include:

- (1) Chaopimai Trade, a subsidiary of the Company, received a total of RMB12,647,900 in 2017 from the Beijing Municipal Commission of Commerce as a special fund to support the logistics standardization pilot project. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful lives of the related assets, which are 8 years and 5 years, respectively. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (2) In 2015, the Company received a total of RMB2,080,000 from the Chaoyang District Finance Bureau of Beijing as a special fund for the enterprise's environmentally friendly and energy-saving lighting renovation project. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 10 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (3) In 2017, the Company received a total of RMB3,140,000 from the Beijing Municipal Development and Reform Commission as a special fund to support the Jingkelong energy-saving and emission reduction technology renovation project. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 8 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (4) In 2017, the Company received a total of RMB4,011,200 from the Beijing Municipal Commission of Commerce as a special fund for the commercial circulation development and farmer-supermarket docking project. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 9 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (5) In 2018, the Company received a total of RMB1,155,200 from the Beijing Municipal Development and Reform Commission as a special fund for store renovation and transformation projects. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 8 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (6) In 2018, the Company received a total of RMB3,681,500 from the Beijing Municipal Development and Reform Commission as a special fund for energy-saving technology renovation projects. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 10 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (7) In 2018, the Company received a total of RMB4,211,820 from the Beijing Municipal Commission of Commerce as a special fund for the development and guidance of the living service industry. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 10 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

- (8) In 2018, the Company received a total of RMB1,471,800 from the Beijing Municipal Development and Reform Commission as a special fund for energy-saving and carbon reduction projects. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 10 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (9) In 2019, the Company received a total of RMB1,832,900 from the Beijing Municipal Development and Reform Commission as a special fund for energy-saving and carbon reduction projects. The Group recognized the deferred income upon receipt of the financial allocation and amortized it over the estimated useful life of 10 years for the related assets. The amortization amount is recorded in the profit or loss for the current and subsequent periods.
- (10) In 2020, the Company received a total of RMB2,000,000 from the Logistics Service Center of Chaoyang District Government in Beijing, which was designated as special funds for the guidance project of employment development in the life service sector. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 10 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (11) In 2020, the Company received a total of RMB3,566,200 from the Beijing Municipal Bureau of Commerce as special funds to promote the chain operation project. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 5 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (12) In 2020, the Company received a total of RMB1,783,294 from the Development and Reform Commission of Chaoyang District, Beijing, as special funds for energy-saving and carbon-reduction projects. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 10 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (13) In 2021, the Company received a total of RMB356,600 from the Logistics Service Center of Chaoyang District Government in Beijing as special funds to promote the chain operation project. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 4 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (14) In 2021, the Company received a total of RMB470,000 from the Beijing Energy Conservation and Environmental Protection Center as special funds for technical transformation projects related to energy conservation and emission reduction. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 5 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

- (15) In 2021, the Company received a total of RMB836,500 from the Development and Reform Commission of Chaoyang District, Beijing, as special funds for energy-saving and carbon-reduction projects. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 10 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (16) In 2022, the Company received a total of RMB870,000 from the Beijing Energy Conservation and Environmental Protection Center as special funds for technical transformation projects related to energy conservation and emission reduction. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 5 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (17) In 2022, the Company received a total of RMB1,903,100 from the Development and Reform Commission of Chaoyang District, Beijing, as special funds for technical transformation projects related to energy conservation and emission reduction. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 10 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (18) In 2022, the Company received a total of RMB1,156,600 from the Logistics Service Center of Chaoyang District Government in Beijing as special funds for the guidance project of the development of life service industries. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 10 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.
- (19) In 2023, the Company received a total of RMB897,000 from the Beijing Energy Conservation and Environmental Protection Center as special funds for technical transformation projects related to energy conservation and emission reduction. Upon receipt of this financial allocation, the Group recognized the deferred income and amortized it over the estimated service lives of 10 years for the relevant assets. The amortized amount was recorded in the profit or loss for the current and subsequent periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 32. Share capital

Item	2023.12.31 (audited)	New issue of shares	Bonus issue	Changes in the period Capitalization of surplus reserves	Others	Subtotal	2024.6.30 (unaudited)
1. State-owned legal person shares							
Chaofu Company	167,409,808	-	-	-	-	-	167,409,808
Subtotal of state-owned legal person shares	167,409,808	-	-	-	-	-	167,409,808
2. Other domestic-owned shares							
Shares held by domestic non-state owned legal person	5,210,428	-	-	-	-	-	5,210,428
Domestic individual shareholders	57,439,764	-	-	-	-	-	57,439,764
3. Foreign listed shares denominated in RMB	182,160,000	-	-	-	-	-	182,160,000
Total shares	412,220,000	-	-	-	-	-	412,220,000

## 33. Capital reserves

Item	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)
Capital premium	609,790,884	-	-	609,790,884
Equity transaction with minority shareholders of subsidiaries	(10,308,923)	-	-	(10,308,923)
Other capital reserves	5,695,493	-	-	5,695,493
Total	605,177,454	-	-	605,177,454

## 34. Surplus reserves

Item	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)
Statutory surplus reserve	169,059,880	-	-	169,059,880
Total	169,059,880	-	-	169,059,880

According to the provisions of the Company Law and the Group's Articles of Association, the Group allocates 10% of its net profit as statutory surplus reserve. If the cumulative amount of statutory surplus reserve exceeds 50% of the Group's registered capital, no further allocation is required.

The statutory surplus reserve can be used to cover the Group's losses, expand its production and operations, or increase the Group's capital through capitalization.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 35. Undistributed profits

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Undistributed profits at the beginning of year before adjustment	299,762,295	376,050,511
Adjustment of the total undistributed profits at the beginning of the year (increase+, decrease -)	-	-
Undistributed profits at the beginning of year after adjustment	299,762,295	376,050,511
Add: Net profit attributable to the shareholders of the parent company for the year	(91,561,995)	(48,579,117)
Less: Appropriation to statutory surplus reserve	-	-
Ordinary shares' dividends payable	-	-
Other	-	-
Undistributed profits at the end of the year	208,200,300	327,471,394

### Dividend

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

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

## 36. Operating income and operating costs

### (1) Operating income and operating costs

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

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

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

The main business income primarily comprises revenues generated from the sales of food, non-staple food, daily consumer goods, beverages, alcohol, and other products.

## 37. Taxes and surcharges

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
City construction and maintenance tax	5,354,057	4,597,445
Building tax	9,531,853	9,430,580
Land tax	573,104	550,798
Vehicle and vessel use tax	54,406	68,597
Stamp tax	3,225,541	2,890,801
Environment protect tax	29,314	6,220
Others	—	6,554
Total	18,768,275	17,550,995

## 38. Selling expenses

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Wages and salaries	199,726,258	236,687,170
Depreciation and amortization expenses	111,664,843	151,028,633
Service fee	141,941,829	177,673,306
Promotional expenses	84,054,406	52,398,188
Utility fee	38,349,614	26,752,216
Shipping fee	13,919,304	13,010,833
Security fee	13,522,089	17,286,538
Repair fee	11,626,685	5,157,782
Warehousing fee	9,080,535	938,164
Cleaning fee	5,474,834	8,601,797
Lease expenses	61,863,290	4,870,671
Advertising fee	2,249,686	4,588,138
Coal fee	6,575,869	7,983,589
Others	37,874,517	20,845,293
Total	737,923,759	727,822,318

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 39. Administrative expenses

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Wages and salaries	123,976,179	128,784,827
Depreciation and amortization expenses	4,644,693	5,554,802
Service fee	1,355,182	1,801,747
Inventory count loss	1,039,882	1,172,250
Audit fees	1,799,054	231,038
Consulting fee	2,070,856	1,039,882
Others	7,084,525	4,431,285
Total	141,970,371	143,015,831

## 40. Financial expenses

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Interest expenses	57,000,218	57,058,472
Including: Lease liability interest expense	9,579,036	15,746,252
Less: Capitalized interest expenses	—	123,133
Interest income	(3,739,492)	(3,094,898)
Bank charges	2,489,800	2,594,937
Exchange losses (gains)	2,122,259	1,732,726
Total	57,872,785	58,168,104

## 41. Other income

### (1) Details of other income

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)	The amount included in the current year non-recurring gains and losses
Government grants	4,445,184	7,196,135	4,445,184
Other	276,244	19,582	276,244
Total	4,721,428	7,215,717	4,721,428

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (2) Details of government grants

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Ease the employment pressure	1,385,404	1,752,863
Asset-related government grants amortization for the current year	2,571,276	3,847,423
Other	488,504	1,595,849
Total	4,445,184	7,196,135

## 42. Investment income

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Investment income during the holding period of other equity instruments	4,300,000	—
Investment income arising from the disposal of long-term equity investments	—	—
Total	4,300,000	—

## 43. Gains from changes in fair values

### Sources of gains from changes in fair values

Sources of gains from changes in fair values	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Trading financial assets	(3,663,580)	(4,864,025)
Including: classified financial assets at fair values through profits or losses (exclude gains from changes in fair value of derivative instruments)	(3,663,580)	(4,864,025)
classified financial assets at fair values through profits or losses (gains from changes in fair value of derivative instruments)	—	—
Total	(3,663,580)	(4,864,025)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 44. Credit impairment loss

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Credit loss of note receivable and accounts receivable	(315,382)	(2,137,883)
Credit loss of other receivable	(2,828,747)	(605,986)
Total	(3,144,129)	(2,743,869)

## 45. Gain on disposal of assets

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)	The amount included in the current year non-recurring gains and losses
Gain on disposal of non-current assets	2,542,556	823,858	2,542,556
Total	2,542,556	823,858	2,542,556

## 46. Non-operating income

### (1) Details of non-operating income

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)	The amounts included in non-recurring gains and losses for the year
Total gains on spoilage and obsolescence of non-current assets	14,345	17,153	14,345
Including: Gains on spoilage and obsolescence of non- current assets of fixed assets	14,345	17,153	14,345
Government grants	–	–	–
Compensation for breach of contract	1,050,344	1,140,689	1,050,344
Others	938,780	1,533,863	938,780
Total	2,003,469	2,691,705	2,003,469

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 47. Non-operating expenses

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)	The amounts included in non-recurring gains and losses for the year
Losses on spoilage and obsolescence of non-current assets	703,578	129,269	703,578
Fine	70,557	151,619	70,557
Others	326,073	1,248,239	326,073
Total	1,100,208	1,529,127	1,100,208

## 48. Income tax expense

### (1) Details of income tax expense

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Current income tax expense	16,862,376	25,836,208
Deferred income tax expense	(13,181,085)	4,957,688
Total	3,681,291	30,793,896

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

Item	Six months ended 30 June 2024 (unaudited)
Total profit	(82,055,344)
Income tax expenses calculated at appropriate tax rate	(20,513,836)
Effect of subsidiary companies to adapt different tax rates	436,720
Effect of adjusting the previous years' income tax	(239,556)
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	3,753,715
Effect of using deductible losses of previously unrecognized deferred tax assets	(2,404,829)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	22,649,077
Total	3,681,291

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 49. Earnings per share

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

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Calculated based on the net profit attributable to ordinary shareholders of the parent company:		
Basic earnings per share	(0.22)	(0.12)

## 50. Items in the cash flow statements

### (1) Other cash received relating to operating activities

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Income of rent	119,695,912	116,520,527
Income of scrap sales	742,677	1,150,271
Income of franchise	4,000	25,245
Income of government grant	1,793,746	3,348,713
Recovered deposit	17,817,989	18,315,261
Transportation fee income	51,212,510	8,417,377
Others	46,603,586	4,010,445
Total	237,870,420	151,787,839

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (2) Other cash paid relating to operating activities

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Selling expenses (except rent)	113,369,973	233,435,646
Administrative expenses	9,509,075	8,936,488
Rent	6,596,572	5,478,487
Deposit and margin	7,757,032	15,808,266
Bank charges	2,535,654	2,594,937
Others	9,225,739	12,218,504
Total	148,994,045	278,472,328

## (3) Receive other cash related to financing activities

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Bill margin	—	400,000
Borrowings from minority shareholders of subsidiaries	—	776,642
Lease deposit	—	340,000
total	—	1,516,642

## (4) Paying other cash related to fundraising activities

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Bill margin	46,328,150	40,841,991
Repayment of lease liabilities principal and interest	78,626,029	110,685,658
Repayment of loans to minority shareholders of subsidiaries	—	495,430
total	124,954,179	152,023,079



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 51. Supplementary information to the cash flow statement

### (1) Supplementary information to the cash flow statement

Supplementary information	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
<b>1. Reconciliation of net profits and cash flow from operating activities:</b>		
Net profits	(85,736,635)	(37,781,693)
Add: Provision for impairment losses on assets	–	–
Credit impairment loss	3,144,129	2,743,869
Depreciation of fixed assets	36,651,742	42,087,266
Depreciation of right-of-use assets	63,671,383	78,459,319
Depreciation of investment property	4,132,411	4,298,756
Amortization of intangible assets	6,713,014	8,355,980
Amortization of long-term prepaid expenses	12,709,579	27,908,852
Net Losses on disposal of fixed assets, intangible assets and other long-term assets	(2,542,556)	(823,858)
Losses arising from the scrapped fixed assets	689,233	112,116
Losses (Gains) on changes in fair value	3,663,580	4,864,025
Financial expenses	59,122,477	58,668,065
Losses arising from investments	(4,300,000)	–
Amortization of government grants related to assets	2,571,275	3,847,423
Decrease in deferred tax assets	(12,280,080)	6,082,234
Increase in deferred tax liabilities	(901,005)	(1,124,539)
Decrease(Increase) in inventories	55,648,973	41,375,590
Decrease in operating receivables	172,482,707	319,657,266
Increase in operating payables	142,657,603	(365,229,410)
Net cash flows from operating activities	458,097,830	193,501,261
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	583,581,885	1,217,952,182
Less: Opening balance of cash	839,268,396	735,318,661
Net increase in cash and cash equivalents	(255,686,511)	482,633,521

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (2) Cash and cash equivalents

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Cash		
Including: Cash on hand	6,057,552	7,061,171
Bank deposits on demand	577,524,333	1,210,891,011
Closing balance of cash and cash equivalents	583,581,885	1,217,952,182

## VII. CHANGES IN THE CONSOLIDATION SCOPE

During the current period, one subsidiary within the consolidation scope was disposed of, including one third-tier subsidiary, all of which were dissolved by resolution. The specific details are as follows:

Company	Level	Registered capital (10 thousand yuan)	Proportion of ownership interests (%)	Notes
Beijing Chaopi Maolisheng Trading Co., Ltd.	3	7,500.00	51.90%	Resolution for Dissolution

## VIII. EQUITY IN OTHER ENTITIES

### Equity in subsidiaries

#### Components of the Company

Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Jingkelong (Langfang) Co., Ltd. (hereinafter referred to as "Jingkelong Langfang")	Limited company	Langfang, PRC	Retail	80,000,000	Retail of general merchandise	100	100	Yes	
Beijing Jingkelong Supermarket Chain Co., Ltd. (Jingkelong Tongzhou)	Limited company	Beijing, PRC	Retail	29,000,000	Retail of general merchandise	100	100	Yes	
Beijing Xinyang Tongli Commercial Facilities Co., Ltd. (Xinyang Tongli)	Limited company	Beijing, PRC	Manufacture	10,000,000	Production of plastic packing materials and installation and maintenance of commercial equipment	55.66	55.66	Yes	
Beijing Jingkelong Shouchao Commercial Co., Ltd. (Shoulian Supermarket)	Limited company	Beijing, PRC	Retail	398,453,439	Retail of general merchandise	100	100	Yes	
Beijing Jingkelong Haotian Hotel Management Co., Ltd. (Haotian Hotel)	Limited company	Beijing, PRC	Hospitality	5,000,000	Hotel management, food and beverage, and leasing	100	100	Yes	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Jingkelong Vocational Training School (Training School)	Institutional organization	Beijing, PRC	Training	500,000	Training of shop assistant	100	100	Yes	
Beijing Lianchao Company Limited (the "Lianchao Limited")	Limited company	Beijing, PRC	Retail	10,000,000	Sales of daily necessities, Wujiujiaodian, such as needle textiles	100	100	Yes	
Beijing Chaopi Trading Co., Ltd. (Chaopi Trading)	Limited company	Beijing, PRC	Wholesale	500,000,000	Wholesale of general merchandise	79.85	79.85	Yes	
Beijing Chaopi Shuanglong Alcohol Sales Co., Ltd. (Chaopi Shuanglong)*	Limited company	Beijing, PRC	Wholesale	110,160,000	Wholesale of beverages	47.11	59.00	Yes	
Beijing Chaopi Huagong Beverage Co., Ltd. (Chaopi Huagong)*	Limited company	Beijing, PRC	Wholesale	80,000,000	Wholesale of drinks and food	42.66	53.43	Yes	
Beijing Chaopi Flavours, Co., Ltd. (Chaopi Flavouring)*	Limited company	Beijing, PRC	Wholesale	50,000,000	Wholesale of edible oil and food	42.03	52.63	Yes	
Beijing Chaopi Jinglong Oil Sales Co., Ltd. (Chaopi Oil Sales)*	Limited company	Beijing, PRC	Wholesale	36,000,000	Wholesale of edible oil	43.30	54.23	Yes	
Shijiazhuang Chaopi Xinlong Trading Co., Ltd.*	Limited company	Shijiazhuang, PRC	Wholesale	5,000,000	Wholesale daily necessities, food, Wujiujiaodian, etc. (except for items that have not obtained special permits)	79.85	100	Yes	
Qingdao Chaopi Jinlong Trading Co., Ltd.*	Limited company	Qingdao, PRC	Wholesale	5,000,000	Wholesale daily necessities, food, Wujiujiaodian, etc. (except for items that have not obtained special permits)	79.85	100	Yes	
Beijing Chaopi Zhongde Trading Co., Ltd. (Chaopi Zhongde)*	Limited company	Beijing, PRC	Wholesale	93,000,000	Wholesale of consumer sanitary products	79.85	100	Yes	
Taiyuan Chaopi Trading Co., Ltd. (Chaopi Taiyuan)*	Limited company	Taiyuan, PRC	Wholesale	15,000,000	Wholesale of general merchandise	79.85	100	Yes	
Beijing Chaopi Yuli Trading Co., Ltd. (Chaopi Yuli)**	Limited company	Beijing, PRC	Wholesale	24,000,000	Wholesale of package service, packed food and storage service	30.31	70	Yes	
Beijing Chaopi Fangsheng Trading Co., Ltd.**	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of general merchandise	63.88	80	Yes	
Shandong Chaopi Trading Co., Ltd. (hereinafter referred to as "Shandong Chaopi")*	Limited company	Jinan, PRC	Wholesale	26,000,000	Wholesale of package service, packed food and storage service	51.90	65	Yes	
Beijing Chaopi Shenglong Trading Co., Ltd. (Chaopi Shenglong)*	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of package service, packed food and storage service	47.11	59	Yes	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Chaopi Tianhua Trading Co., Ltd. (Chaopi Tianhua)*	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of package service, packed food and storage service	42.66	53.43	Yes	
Datong Chaopi Beichen Trading Co., Ltd. (Chaopi Datong)*	Limited company	Datong, PRC	Wholesale	26,000,000	Wholesale of package service, packed food and storage service	55.90	70	Yes	
Tangshan Chaopi Baishun Trading Co., Ltd. (Chaopi Baishun)*	Limited company	Tangshan, PRC	Wholesale	30,000,000	Wholesale daily necessities, pre-packaged and food, general freight, domestic conference exhibition services, etc.	65.12	81.55	Yes	
Beijing Chaopi Hongchen Trading Co., Ltd. (Chaopi Hongchen)*	Limited company	Beijing, PRC	Wholesale	1,000,000	Wholesale of cosmetics	51.90	65	Yes	
Beijing Chaopi Shengshi Trading Co., Ltd. (Chaopi Shengshi)*	Limited company	Beijing, PRC	Wholesale	25,000,000	Wholesale of cosmetics etc.	51.9	65	Yes	
Beijing Chaopi Zhaoyang E-commerce Co., Ltd. (Chaopi Zhaoyang)*	Limited company	Beijing, PRC	Wholesale	72,000,000	Wholesale daily necessities, knitting textiles, clothing, Wujiujiaodian, chemical products (excluding hazardous chemicals), etc.	79.85	100	Yes	
Beijing Chaopi Xinyishangzhen Food Co., Ltd. (Xinyishangzhen)*	Limited company	Beijing, PRC	Wholesale	40,000,000	Sale of food, wholesale of pre-packaged food, dairy products, etc.	47.91	60	Yes	
Beijing Shangzhen Food Co., Ltd. (Shangzhen Food)**	Limited company	Beijing, PRC	Wholesale	5,000,000	Production of roasted seeds and nuts products and nut products (roasted and fried), candied fruit, fruit products (dried fruit products), etc.	47.91	100	Yes	
Tangshan Chaopi Shangzhen Food Co., Ltd. (Tangshan shangzhen)	Limited company	Tangshan, PRC	Manufacture	4,000,000	Fruit, nut, vegetable processing; convenience and other food manufacturing, food sales; conference services; exhibition display services; design, production, road general cargo transportation, etc.	47.91	100	Yes	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

Subsidiary	Type	Place of incorporation	Nature of business	Registered Capital	Scope of business	Proportion of ownership interests (%)	Proportion of voting power (%)	Whether Consolidated or not	Notes
Beijing Chaopi Tianshi Information Technology Co., Ltd. (Chaopi Tianshi)*	Limited company	Beijing, PRC	Wholesale	20,000,000	Wholesale of cosmetics, food and general merchandise	79.85	100	Yes	
Chaopi International Trading (Shanghai) Co., Ltd. (International Trading Shanghai)*	Limited company	Shanghai, PRC	Wholesale	9,800,000	Goods and technology import and export business and food circulation	79.85	100	Yes	
Beijing Chaopi Jiushengmingpin Trading Co., Ltd. (Chaopi Jiusheng)*	Limited company	Beijing, PRC	Wholesale	30,000,000	Wholesale of general merchandise	79.85	100	Yes	
Beijing Chaopi Huansheng international Trading Company Limited (Chaopi Huansheng)*	Limited company	Beijing, PRC	Wholesale	15,000,000	Wholesale, retail food, health food; import and export goods; import and export agents	40.72	51	Yes	
Baoding Chaopi Trading Co., Ltd. (Baoding Chaopi)*	Limited company	Baoding, PRC	Wholesale	10,000,000	Sale of food, cosmetics, household appliances, daily sundries, etc.	55.90	70	Yes	
Chaopi International Trading (Hong Kong) Co., Ltd. (International Trading Hong Kong)*	Limited company	HongKong, PRC	Wholesale	HKD5,000,000	Engaged in the import and export of goods and technology, food distribution, etc.	79.85	100	Yes	

## Note:

\* These companies are owned by Chaopi Trading with more than 50% equity interests and are recognized as subsidiaries of Chaopi Trading. Since the Company directly holds 79.85% equity interests in Chaopi Trading, the Company's indirect ownership percentage and voting rights percentage in these companies held through Chaopi Trading differ.

\*\* These companies are owned by subsidiaries of Chaopi Trading with more than 50% equity interests and are recognized as subsidiaries of the subsidiaries of Chaopi Trading. Since the Company directly holds 79.85% equity interests in Chaopi Trading, the Company's indirect ownership percentage and voting rights percentage in these companies held through Chaopi Trading differ.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### 1. Parent of the Company

Name of the parent company	Type	Place of incorporation	Legal representative	Nature of business	Registered capital (10 thousand yuan)	Proportion of the entity's ownership interests held by the parent (%)	Proportion of the entity's voting power held by the parent (%)	The ultimate controlling party of the Company	Uniform social credit code
Chaofu Company	Limited Liability Company (Sole proprietorship of legal person)	Beijing	Zhao Yanchuan	Sales of food and oil products	72,000	40.61	40.61	Beijing Chaoyang State-owned Capital Operation and Management Co., Ltd	9111000010163706x9

### 2. Subsidiaries of the Company

Please refer to Note (VIII) Equity in subsidiaries for the details of the subsidiaries of the Company.

### 3. Other related parties

No.	Names of other related parties	Relationship between other related parties and the company
1	Beijing Hongchaoweiyi State-owned Assets Management Co., Ltd. ("Hongchaoweiyi")	Controlled by the same parent company
2	Beijing Jinchaoyang Commerce State-owned Capital Operation Company ("Jinchaoyang")	Controlled by the same parent company
3	Beijing Shoulian Commercial Group Co., Ltd. ("Shoulian Group")	Controlled by the same parent company

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 4. Related party transaction

### (1) Related party's lease transaction

Lessor	Lessee	Type of lease	Pricing basis of related party transaction	Notes	Six months ended at 30 June 2024 (unaudited) Amount	Six months ended at 30 June 2023 (unaudited) Amount
Chaofu Company	The Company	Rental expenses	Price negotiated	Note 1	2,461,158	309,141
HongchaoWeiye	Chaopi Trading, a subsidiary of the Company	Rental expenses	Price negotiated	Note 1	4,741,002	472,260
HongchaoWeiye	The Company	Rental expenses	Price negotiated	Note 1	40,960,513	3,695,933
JinchaoYang	The Company	Rental expenses	Price negotiated		8,212,500	1,834,125

**Note:** On December 15, 2023, the Company and its subsidiary Chaopi Trading entered into a supplemental agreement for the lease of certain properties located in Beijing from Chaofu Company. This supplemental agreement is made to the "Property Lease Agreement" signed on April 30, 2004, three supplemental leases signed on March 12, 2005, July 25, 2005, and March 24, 2006, a lease agreement signed on July 25, 2005, a confirmation letter signed on March 19, 2007, a modification agreement signed on July 1, 2011, and a supplemental agreement signed on June 18, 2012 (collectively referred to as the "Original Agreement"). The lease term under the supplemental agreement is from January 1, 2024, to June 30, 2024, with a total fixed rental amount for the new lease period of RMB333,560, payable in a lump sum by Party B to Party A. On May 10, 2024, a further supplemental agreement was signed stating that when determining the rental standard for the period from January 1, 2024, to June 30, 2024 (hereinafter referred to as "the Lease Period"), the rental price had not yet been evaluated by a third-party assessment company, and the previous rental price was still in use. After the property was evaluated by a third-party assessment company, the total fixed rental amount for the Lease Period was determined to be RMB2,461,158. Therefore, according to the supplementary agreement signed on May 10, 2024, the rent standard for this lease term is RMB2,461,158.

On December 15, 2023, the Company entered into a lease contract with Hongchao Weiye for the renewal of the transferred properties under the original contract terms, with an extended lease term from January 1, 2024, to June 30, 2024. The total fixed rental amount for the leased properties during the new lease period is RMB4,225,048, payable in a lump sum by Party B to Party A. On May 10, 2024, the Company and Hongchao Weiye signed a supplemental agreement to the above lease contract, stating that when determining the rental standard for the Lease Period from January 1, 2024, to June 30, 2024, the rental price had not yet been evaluated by a third-party assessment company, and the previous rental price was still in use. After the property was evaluated by a third-party assessment company, the total fixed rental amount for the Lease Period was determined to be RMB40,960,513. Therefore, according to the supplementary agreement signed on May 10, 2024, the rent standard for this lease term is RMB40,960,513.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

On December 15, 2023, the Company's subsidiary Chaopi Trading entered into a lease contract with Hongchao Weiye for the renewal of the transferred properties under the original contract terms, with an extended lease term from January 1, 2024, to June 30, 2024. The total fixed rental amount for the leased properties during the new lease period is RMB472,260, payable in a lump sum by Party B to Party A. On May 10, 2024, the Company and Hongchao Weiye signed a supplemental agreement to the above lease contract stating that when determining the rental standard for the period from January 1, 2024, to June 30, 2024 (hereinafter referred to as "the Lease Period"), the rental price had not yet been evaluated by a third-party assessment company, and the previous rental price was still in use. After the property was evaluated by a third-party assessment company, the total fixed rental amount for the Lease Period was determined to be RMB4,741,002. Therefore, according to the supplementary agreement signed on May 10, 2024, the rent standard for this lease term is RMB4,741,002.

On December 15, 2023, the Company entered into a lease contract with Jin Chaoyang for the renewal of the transferred properties under the original contract terms, with an extended lease term from January 1, 2024, to June 30, 2024. The total fixed rental amount for the leased properties during the new lease period is RMB1,834,125, payable in a lump sum by Party B to Party A. On May 10, 2024, a supplemental agreement was signed stating that when determining the rental standard for the Lease Period, the rental price had not yet been evaluated by a third-party assessment company, and the previous rental price was still in use. After the property was evaluated by a third-party assessment company, the total fixed rental amount for the Lease Period was determined to be RMB8,212,500. Therefore, according to the supplementary agreement signed on May 10, 2024, the rent standard for this lease term is RMB8,212,500.

## (2) Related party loans

Lessor	Lessee	Type of lease	Pricing basis of related party transaction	Six months ended at 30 June 2024 (unaudited) Amount	Six months ended at 30 June 2023 (unaudited) Amount
Shoulian Group	Shoulian Supermarket, a subsidiary of the Company	Loan Interest	Price negotiated	4,195,681 80,938	7,923,145 156,171
Shoulian Group	Lianchao Limited, a subsidiary of the Company	Loan Interest	Price negotiated	32,600,000 536,414	32,600,000 564,392

## (3) Compensation for key management personnel

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Compensation for key management:	3,023,905	2,637,176



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 5. Receivables and payables of related parties

The balance of accounts receivable between the Group and related parties is as follows

Item	Nature of Payment	2024.6.30 (unaudited)	2023.12.31 (audited)
Other receivables			
Shoulian Group	Borrowings	617,351	3,017,001
Right-of-use asset			
Hongchaoweiye	Lease	345,145,656	—
Chaofu Company	Lease	2,586,461	—
Jinchaoyang	Lease	67,316,380	—
Other non-current assets			
Shoulain Group	Loan	36,795,681	38,552,635

The balance of payables between the Group and related parties is as follows

Item	Nature of Payment	2024.6.30 (unaudited)	2023.12.31 (audited)
Non-current liabilities due			
within one year			
Hongchaoweiye	Lease	98,397,344	—
Chaofu Company	Lease	2,889,965	—
Jinchaoyang	Lease	19,372,816	—
Lease liability			
Hongchaoweiye	Lease	287,708,824	—
Chaofu Company	Lease	2,157,654	—
Jinchaoyang	Lease	56,156,064	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 6. Related party commitments

The Company had signed a lease contract with Chaofu Company, Hongchaoweiyue and Jinchaoyang for operation and storage.

The anticipated future rent by the Group:

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
1st year subsequent to the balance sheet date	121,983,476	6,864,993
2nd year subsequent to the balance sheet date	93,799,074	—
3rd year subsequent to the balance sheet date	93,799,074	—
Subsequent periods	193,226,092	—
Total	502,807,716	6,864,993

The related-party transactions mentioned in Note 9, Paragraph 4 above constitute the Company's continuing connected transactions under Chapter 14A of the Listing Rules. These continuing connected transactions are fully exempted from compliance with the shareholder approval, annual review, and all disclosure requirements under Chapter 14A of the Listing Rules.

## X. COMMITMENTS AND CONTINGENCIES

### 1. Significant commitments

#### Capital commitments

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Acquisition of fixed assets		
Authorized but not contracted	117,499,251	357,870,752
Contracted but not provided	92,149,614	93,463,326
Total	209,648,865	451,334,077

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 2. Contingencies

### ***Contingencies arising from pending litigation***

In 2002, the Company signed a land acquisition and compensation agreement with the Guanzhuang Township People's Government in Chaoyang District, Beijing (hereinafter referred to as "Guanzhuang Township Government"), stipulating that the Guanzhuang Township Government would transfer 243.71 mu (a unit of area in China, approximately equal to 0.0667 hectares) of collective land within the jurisdiction of Guanzhuang Township to the Company for the construction of a logistics distribution and fresh food processing center. The Company should pay a total compensation fee of RMB60,440,000 to the Guanzhuang Township Government. On November 13, 2006, the two parties entered into a supplementary agreement regarding the above-mentioned land transfer, and the Guanzhuang Township Government increased the compensation fee to RMB97,484,000. On November 20, 2006, the Company, the Guanzhuang Township Government, and the Beijing Chaoyang Guanzhuang Agriculture, Industry, and Commerce United Company (hereinafter referred to as "Agriculture, Industry, and Commerce Company") reached another supplementary agreement on the above-mentioned land transfer, with the Guanzhuang Township Government authorizing the Agriculture, Industry, and Commerce Company to collect the compensation fee. After signing the above agreements, the Company successively paid a total compensation fee of RMB45,132,000 to the Guanzhuang Township Government and the Agriculture, Industry, and Commerce Company. Due to various reasons such as changes in planning purposes, the Company's contractual purpose of constructing a logistics distribution and fresh food processing center could not be achieved, and the above agreements could no longer be fulfilled. To recover the compensation fee already paid and safeguard the Company's legitimate rights, a lawsuit was filed with the Chaoyang District People's Court of Beijing in July 2022, requesting the confirmation of the invalidity of the land compensation agreement and supplementary agreements signed with the Guanzhuang Township Government, and demanding the return of the compensation fee of RMB45,132,000 and interest during the period of occupation from the Guanzhuang Township Government and the Agriculture, Industry, and Commerce Company. The Company also returned the land to the Guanzhuang Township Government on November 24, 2022. On May 27, 2024, the Chaoyang District People's Court of Beijing issued the first-instance judgment of the case, ordering the Company to pay a land leveling fee of RMB206,700 to the Guanzhuang Township Government; restore the land involved in the case to a cultivable condition; and reject all the claims of the Company and other counterclaims of the Guanzhuang Township Government. The Company has filed an appeal, and as of June 30, 2024, the second-instance litigation proceedings of the case are still ongoing.

## XI. SIGNIFICANTE SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

As of the date of approval of these financial statements, the Group has no other subsequent events after the balance sheet date that require disclosure.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## XII. OTHER SIGNIFICANTE EVENTS

### 1. Disclosure of fair value

#### ① *Assets measured at fair value*

Item	First level fair value measurement	The end of the fair value		Total
		Second level fair value measurement	Third level fair value measurement	
Continuous fair value measurement				
Other equity instruments	–	–	43,000,000	43,000,000
Other non-current financial assets	52,872,932	–	–	52,872,932
Total liabilities consistently measured at fair value	52,872,932	–	43,000,000	95,872,932

#### ② *Determination Basis for Market Prices of Continuously and Non-continuously Measured Fair Value Items at Level 1*

The determination basis for the market prices of these items is based on the transaction statements provided by securities companies.

#### ③ *Determination Basis for Market Prices of Continuously and Non-continuously Measured Fair Value Items at Level 3*

The Company's other equity instruments investments are designated as equity investments in non-listed companies that are not subject to control, joint control, or significant influence, and are measured at fair value through other comprehensive income. When there are no significant changes in the operating environment, operating conditions, and financial position of the invested entities, the Company measures the fair value by using the investment cost as a reasonable estimate. In cases where significant changes have occurred in the aforementioned circumstances but recent information on their fair value is insufficient, the Company measures the fair value based on the net assets of the invested entities as a reasonable estimate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 2. Segment reporting

For the purpose of management, the Group classified the operations into three segments according to the product and service:

- (a) The retailing segment mainly engages in the distribution of food, untagged food, daily necessities, drinks and cigarettes, hardware and household appliances;
- (b) The wholesaling segment mainly engages in the wholesale supply of daily consumer products, including food, untagged food, beverages, drinks, cigarettes and daily necessities;
- (c) The “others” segment comprises, principally, selling plastic packing products, hotel services and school training services.

Management monitors the results of the Group’s operating segments separately aiming at making decisions about resources allocation and performance assessment.

The segment report information is disclosed according to the accounting policies and measurement standard adopted by each segment when reporting to the board of directors and these principles of measurement should be consistently with the accounting policy and measurement standard of this financial statement.

All the assets and liabilities have been allocated to respective segment, no unallocated asset and liability which are centrally managed by the Group.

The transfer pricing of inter-segment is based on the market price as well as the actual transaction price.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## Six months ended 30 June 2024 (unaudited)

Item	Retailing	Wholesaling	Others	Inter-segment offset	Total
Operating income					
External revenue	1,533,828,487	3,423,341,311	5,276,364		4,962,446,162
Inter-segment revenue	10,809,903	139,238,467	13,254,949	(163,303,319)	
Total	1,544,638,390	3,562,579,778	18,531,313	(163,303,319)	4,962,446,162
Total profit	(105,870,964)	24,748,387	(932,767)		(82,055,344)
Income tax expenses	(13,573,177)	16,989,083	265,385		3,681,291
Net profit	(92,297,787)	7,759,304	(1,198,152)		(85,736,635)
Supplementary information:					
Depreciation and amortization expenses	83,044,409	37,990,652	2,843,068		123,878,129
Credit impairment loss	(313,401)	(2,706,170)	(124,558)		(3,144,129)
Capital expenditures	402,598,796	51,238,022	13,583		453,850,401

## Six months ended 30 June 2023 (unaudited)

Item	Detailing	Wholesaling	Others	Inter-segment offset	Total
Operating income					
External revenue	1,740,904,125	2,826,937,214	14,598,893	–	4,582,440,232
Inter-segment revenue	39,661,213	171,226,922	7,232,694	(218,120,829)	
Total	1,780,565,338	2,998,164,136	21,831,587	(218,120,829)	4,582,440,232
Total profit	(70,946,176)	61,890,861	2,067,518	–	(6,987,797)
Income tax expenses	5,514,449	25,262,843	16,604	–	30,793,896
Net profit (loss)	(76,460,625)	36,628,018	2,050,914	–	(37,781,693)
Supplementary information:					
Depreciation and amortization expenses	119,955,904	40,163,127	991,142	–	161,110,173
Impairment losses on credits	7,499	2,736,370	–	–	2,743,869
Capital expenditures	34,222,577	29,594,985	256,425	–	64,073,987

## 2024.6.30 (unaudited)

Item	Retailing	Wholesale	Others	Inter-segment offset	Total
Total assets	2,954,829,368	4,539,181,901	268,098,168	(748,732,576)	7,013,376,861
Total liabilities	2,318,187,225	3,732,394,196	21,565,119	(746,325,567)	5,325,820,973

## 2023.6.30 (unaudited)

Item	Detailing	Wholesale	Others	Inter-segment offset	Total
Total assets	3,234,237,012	4,825,858,442	276,575,446	(868,409,001)	7,468,261,899
Total liabilities	2,525,433,775	3,948,273,338	27,935,438	(890,884,631)	5,610,757,920

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## 3. Other significant issues which influence the decision making of investors

### Net current assets

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

### Total assets less current liabilities

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

## 4. Lease

### (1) The Group as lessee

① Right-of-use and lease liabilities refer to Note (VI) 13, 29.

② Details of included in the current profit and loss and related asset costs

Item	Included in the current profit and loss		Included in related asset costs	
	Presentation item	Amount	Presentation item	Amount
Short-term lease expenses (applicable to simplified)	Selling expenses	4,629,711	-	-
Lease fees for low-value assets (applicable to simplified)	-	-	-	-
Variable lease payments not included in lease liability measurement	-	-	-	-
Income from sublease of right-of- use assets	Other operating income	40,816,801	-	-
Sale and leaseback transaction	-	-	-	-

Note: The "short-term lease expenses" in the table above do not include lease-related expenses with a lease term of less than one month; the "low-value asset lease expenses" do not include the short-term lease expenses of low-value assets included in the "short-term lease expenses".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## ③ Lease-related cash flow outflows

Item	Types of cash flow	Amount for the year
Cash paid for principal and interest on lease liabilities	Cash outflow of financing activities	78,626,029
Payments for short-term leases and low-value assets (applicable to simplified)	Cash outflow from operating activities	28,890
Variable lease payments paid that are not included in the lease liability	Cash outflow from operating activities	
<b>Total</b>	<b>—</b>	<b>78,654,919</b>

## ④ Other information

Nature of lease activity

The main leased assets in this period are houses, which are basically used in retail stores and commodity warehouses. The lease term is generally 5-20 years, and no lease renewal option is stipulated in the lease contract.

## (2) The Group as lessor

Information related to operating leases

### ① Included in the current profit and loss

Item	Included in the current profit and loss Presentation item	Amount
Rental income (Note)	Other operating income	76,497,993
Revenue related to variable lease payments that are not included in the measurement of lease receipts	—	—
<b>Total</b>	<b>—</b>	<b>76,497,993</b>

Note: Which including RMB35,763,719 of income from sublease of Right-of-use asset, please refers to 'Note XII, 4, (1), ② Details of included in the current profit and loss and related asset costs.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## ② Collection of lease payments

Item	Amount of undiscounted lease payments to be received
1st year subsequent to the balance sheet date	103,349,097
2nd year subsequent to the balance sheet date	43,576,450
3rd year subsequent to the balance sheet date	29,734,371
4th year subsequent to the balance sheet date	20,592,170
5th year subsequent to the balance sheet date	11,710,630
Subsequent periods	20,036,809
Total	228,999,527

## ③ Other information

Nature of lease activity

The main leased assets in this period are houses (including the lease of own property and the sublet of leased property). The lease term is generally 3-10 years, and no lease renewal option is stipulated in the lease contract.

## XIII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

### 1. Accounts receivable

#### (1) Presentation of accounts receivable by category

Category	2024.6.30 (unaudited)				Net book value
	Carrying amount Amount	Proportion (%)	Credit loss provision Amount	Rate (%)	
Accounts receivable with single provision for credit loss	-	-	-	-	-
Accounts receivable with credit loss provision based on portfolio	132,700,648	100	100,647	0	132,600,001
Total	132,700,648	100	100,647	0	132,600,001

Category	2023.12.31 (audited)				Net book value
	Carrying amount Amount	Proportion (%)	Credit loss provision Amount	Rate (%)	
Accounts receivable with single provision for credit loss	-	-	-	-	-
Accounts receivable with credit loss provision based on portfolio	148,725,578	100	-	-	148,725,578
Total	148,725,578	100	-	-	148,725,578

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## (2) Accounts receivable according to aging analysis:

Aging	2024.6.30 (unaudited)			Net book value
	Carrying amount	Proportion (%)	Credit loss provision	
Within 1 year	129,345,741	97	–	129,345,741
1-2 years	3,354,907	3	100,647	3,254,260
2-3 years	–	–	–	–
3-4 years	–	–	–	–
4-5 years	–	–	–	–
Over 5 years	–	–	–	–
Total	132,700,648	100	100,647	132,600,001

## Accounting receivable according to credit loss allowance by aging analysis

Aging	2024.6.30 (unaudited)		
	Accounting receivable	Credit loss provision	Proportion (%)
Within 1 year	129,345,741	–	0
1-2 years	3,354,907	100,647	3
2-3 years	–	–	10
3-4 years	–	–	25
4-5 years	–	–	50
Over 5 years	–	–	100
Total	132,700,648	100,647	

## 2. Other receivables

Item	2024.6.30 (unaudited)	2023.12.31 (audited)
Other receivables	727,943,197	832,350,498
Interest receivables	–	–
Dividend receivables	–	–
Total	727,943,197	832,350,498

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## Details of other receivables

### (1) Presentation of other receivables by category:

Category	2024.6.30 (unaudited)				
	Carrying amount		Credit loss provision		Net book value
	Amount	Proportion (%)	Amount	Rate (%)	
Other receivables for which credit loss provisions is assessed individually					
Other receivables with credit loss provisions based on portfolio	728,204,303	100	261,106	–	727,943,197
Total	728,204,303	100	261,106	–	727,943,197

Category	2023.12.31 (audited)				Net book value
	Carrying amount		Credit loss provision		
	Amount	Proportion (%)	Amount	Rate (%)	
Other receivables for which credit loss provisions is assessed individually					
Other receivables with credit loss provisions based on portfolio	832,470,334	100	119,836	–	832,350,498
Total	832,470,334	100	119,836	–	832,350,498

### (2) Aging analysis of other receivables is as follows

Aging	2024.6.30 (unaudited)			Net book value
	Carrying amount	Proportion %	Credit loss provision	
Within 1 year	719,500,762	99	–	719,500,762
1-2 years	8,703,541	1	261,106	8,442,435
2-3 years	–	–	–	–
3-4 years	–	–	–	–
4-5 years	–	–	–	–
Over 5 years	–	–	–	–
Total	728,204,303	100	261,106	727,943,197

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

## Other receivables according to credit loss allowance by aging analysis

Aging	2024.6.30 (unaudited)		Proportion %
	Other receivables	Credit loss provision	
Within 1 year	719,500,762	—	0
1-2 years	8,703,541	261,106	3
2-3 years	—	—	10
3-4 years	—	—	25
4-5 years	—	—	50
Over 5 years	—	—	100
Total	728,204,303	261,106	

## 3. Long-term equity investment

### (1) Classification of long-term equity investments

Item	2024.6.30 (unaudited)			2023.12.31 (audited)		
	Carrying amount	Provision for impairment	Net book value	Carrying amount	Provision for impairment	Net book value
Investment in subsidiaries	1,246,991,571	—	1,246,991,571	1,246,991,571	—	1,246,991,571
Total	1,246,991,571	—	1,246,991,571	1,246,991,571	—	1,246,991,571

### (2) Investment in subsidiaries

Investee	2023.12.31 (audited)	Increase in the period	Decrease in the period	2024.6.30 (unaudited)	Provision for impairment for the period	Provision for impairment at period end
Jingkelong Langfang	83,980,000	—	—	83,980,000	—	—
Chaopi Trading	436,505,594	—	—	436,505,594	—	—
Xinyang Tongli	5,565,775	—	—	5,565,775	—	—
Shoulian Supermarket	422,484,500	—	—	422,484,500	—	—
Jingkelong Tongzhou	29,000,000	—	—	29,000,000	—	—
Training School	500,000	—	—	500,000	—	—
Lianchao Limited	268,955,702	—	—	268,955,702	—	—
Total	1,246,991,571	—	—	1,246,991,571	—	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED AT 30 JUNE 2024

(Unless otherwise specified, the unit of amount is RMB)

### 4. Operating income and operating cost

Item	Six months ended 30 June 2024 (unaudited)		Six months ended 30 June 2023 (unaudited)	
	Income	Cost	Income	Cost
Principal operating	1,304,173,858	1,129,589,088	1,526,128,210	1,330,341,266
Other operating	166,316,687	10,957,671	169,992,497	11,671,941
Total	1,470,490,545	1,140,546,759	1,696,120,707	1,342,013,207

### 5. Investment income

Item	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Investment income from distributed dividend of subsidiaries	19,962,950	—
Investment gain from buying structured deposits	—	—
Total	19,962,950	—

BEIJING JINGKLONG COMPANY LIMITED

30 August 2024