Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*

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

(Stock Code: 814)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Beijing Jingkelong Company Limited (the "**Company**" or "**Jingkelong**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018 (the "**Reporting Period**").

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

* *For identification purpose only*

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS

	Notes	**2018.12.31** *RMB*	2018.01.01 *RMB*	2017.12.31 *RMB*
Current assets:				
Cash and bank balances		**1,146,910,207**	1,068,203,328	1,068,203,328
Notes receivable and accounts receivable	3	**1,490,822,972**	1,360,971,297	1,360,971,297
Including: Notes receivable		**–**	1,550,000	1,550,000
Accounts receivable		**1,490,822,972**	1,359,421,297	1,359,421,297
Prepayments		**750,913,496**	662,157,731	662,157,731
Other receivable		**175,508,371**	169,933,613	169,933,613
Inventories		**1,668,923,611**	1,789,719,995	1,789,719,995
Other current assets		**177,117,099**	215,668,600	215,668,600
Total current assets		**5,410,195,756**	5,266,654,564	5,266,654,564
Non-current assets:				
Available-for-sale financial assets		**N/A**	N/A	11,398,000
Other non-current financial assets		**14,583,646**	11,398,000	N/A
Investment properties		**187,606,354**	196,314,596	196,314,596
Fixed assets		**976,125,343**	1,043,875,757	1,043,875,757
Construction in progress		**114,152,339**	108,751,566	108,751,566
Intangible assets		**305,636,827**	318,169,810	318,169,810
Goodwill		**86,673,788**	86,673,788	86,673,788
Long-term prepaid expenses		**400,087,980**	465,880,487	465,880,487
Deferred tax assets		**20,226,293**	22,813,175	22,813,175
Other non-current assets		**172,511,502**	179,720,029	179,720,029
Total non-current assets		**2,277,604,072**	2,433,597,208	2,433,597,208
TOTAL ASSETS		**7,687,799,828**	7,700,251,772	7,700,251,772

The Group has adopted the New Standard of Financial Instruments and the New Standards of Revenue Recognition since 1 January 2018 in accordance with the requirements of the Ministry of Finance. 1. The Group retroactively applies the New Standard of Financial Instruments. However, the Group does not restate categorization and measurement (including impairments) that is related to the data on the prior comparative financial statements and different from the New Standard of Financial Instruments. 2. As for New Standards of Revenue Recognition, the Group reassessed the recognition and measurement, accounting and presentation of the company's main contract revenue in accordance with the norms of the standard,.The cumulative impact amount based on the first implementation of the New Standards of Revenue Recognition will be used to adjust the amount of retained earnings at the beginning of the period (1 January 2018), and the amount of relevant item amount of financial statement. No adjustments will be made to the financial statements in 2017. Thus, based on the reasons above, this year's balance sheet data is presented in three columns in accordance with the relevant accounting standards mentioned above, that is 31 December 2017, 1 January 2018 and 31 December 2018.

	Notes	**2018.12.31**	2018.01.01	2017.12.31
		RMB	*RMB*	*RMB*
Current liabilities:				
Short-term borrowings		**2,757,649,469**	2,716,210,442	2,716,210,442
Notes payable and accounts payable	4	**1,632,697,778**	1,335,455,767	1,335,455,767
Advance from customers		**–**	–	379,071,193
Payroll payable		**1,741,169**	1,649,123	1,649,123
Taxes payable		**90,160,465**	65,970,300	65,970,300
Other payable		**234,392,613**	179,566,241	176,093,960
Including: Interest payable		**3,939,352**	3,472,281	–
Dividends payable		**4,576,656**	4,380,377	4,380,377
Contract liabilities		**368,155,099**	379,071,193	N/A
Non-current liabilities due within one year		**–**	749,068,225	749,068,225
Other current liabilities		**359,909,339**	59,429,262	62,901,543
Total current liabilities		**5,444,705,932**	5,486,420,553	5,486,420,553
Non-current liabilities:				
Deferred income		**34,300,405**	33,351,013	33,351,013
Deferred tax liabilities		**1,413,622**	3,612,252	3,612,252
Other non-current liabilities		**30,380,164**	25,241,705	25,241,705
Total non-current liabilities		**66,094,191**	62,204,970	62,204,970
TOTAL LIABILITIES		**5,510,800,123**	5,548,625,523	5,548,625,523
Shareholders' equity:				
Share capital		**412,220,000**	412,220,000	412,220,000
Capital reserves		**605,043,091**	605,008,846	605,008,846
Other comprehensive income		**82,125**	9,430	6,625,801
Surplus reserves		**153,125,894**	147,748,597	147,748,597
Undistributed profits	5	**537,907,146**	504,701,969	498,085,598
Total equity attributable to shareholders of the parent company		**1,708,378,256**	1,669,688,842	1,669,688,842
Minority interests		**468,621,449**	481,937,407	481,937,407
TOTAL SHAREHOLDERS' EQUITY		**2,176,999,705**	2,151,626,249	2,151,626,249
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		**7,687,799,828**	7,700,251,772	7,700,251,772

CONSOLIDATED INCOME STATEMENT

		Notes	2018 RMB	2017 RMB
I.	**Total operating income**	*6*	**11,650,283,772**	11,955,737,287
	Including: operating income		**11,650,283,772**	11,955,737,287
II.	**Total operating costs**	*6*	**11,544,744,538**	11,823,502,835
	Including: Operating costs		**8,942,576,973**	9,259,177,609
	Tax and surcharges		**49,175,630**	50,981,899
	Selling expenses		**2,075,079,026**	2,049,163,192
	Administrative expenses		**298,378,649**	298,938,999
	Financial expenses		**172,697,916**	163,457,153
	Impairment losses on assets		**–**	1,783,983
	Impairment losses on credits		**6,836,344**	N/A
	Add: Other income		**27,812,795**	25,806,245
	Investment income		**13,141,947**	2,525,469
	Gains on changes in fair value		**(8,134,354)**	–
	Gains on disposal of assets		**(2,305,871)**	161,944
III.	**Operating profit**		**136,053,751**	160,728,110
	Add: non-operating income		**59,973,120**	7,813,863
	Less: non-operating expenses		**18,437,293**	20,352,843
IV.	**Total profit**		**177,589,578**	148,189,130
	Less: income tax expense	*7*	**71,212,617**	53,346,663
V.	**Net profit**		**106,376,961**	94,842,467
	(I) Classified by business continuity			
	1. Net profit from continuing operations		**106,376,961**	94,842,467
	2. Net profit from discontinued operations		**–**	–
	(II) Classified by ownership			
	1. Net profit attributable to shareholders of the parent company		**63,312,317**	47,485,004
	2. Profit or loss attributable to minority interests		**43,064,644**	47,357,463
VI.	**Net value of other comprehensive income after tax**		**140,061**	4,958,979
	Net value of other comprehensive income attributable to shareholders of the parent company after tax		**72,695**	3,953,043
	Other comprehensive income which can be reclassified into profit or loss subsequently		**72,695**	3,953,043
	1. Gains or losses from changes in fair value of available-for-sale financial assets		**N/A**	3,940,597
	2. Translation differences of financial statements denominated in foreign currencies		**72,695**	12,446
	Net value of other comprehensive income attributable to minority of interests after tax		**67,366**	1,005,936
VII.	**Total comprehensive income**		**106,517,022**	99,801,446
	Total comprehensive income attributable to shareholders of the parent company		**63,385,012**	51,438,047
	Total comprehensive income attributable to minority interests		**43,132,010**	48,363,399
VIII.	**Earnings per share**			
	(I) Basic earnings per share	*8*	**0.15**	0.12
	(II) Dilutive earnings per share		**N/A**	N/A

Notes:

1. GENERAL INFORMATION

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

On 25 September 2006, the Company was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited through the issue of H shares. On 26 February 2008, all the ordinary shares were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares as at 31 December 2018.

The controlling shareholder of the Company is Beijing Chaoyang Auxiliary Food Company (the "**Chaoyang Auxiliary**"), an enterprise established in the PRC.

2. BASIS OF PREPARATION

The Group has adopted the Accounting Standards for Business Enterprises and other related provisions issued by the Ministry of Finance. In addition, the Group also discloses relevant financial information required by the Companies Ordinance of Hong Kong and the Listing Rules of The Stock Exchange of Hong Kong Limited.

3. ACCOUNTS RECEIVABLE

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

	2018.12.31			
Aging	**Carrying amount** *RMB*	**Proportion%**	**Bad debt provision** *RMB*	**Net book value** *RMB*
Within 1 year	1,426,024,294	95	–	1,426,024,294
1-2 years	21,586,267	1	647,587	20,938,680
2-3 years	30,184,046	2	3,018,405	27,165,641
3-4 years	14,694,411	1	3,673,603	11,020,808
4-5 years	11,347,099	1	5,673,550	5,673,549
Over 5 years	–	–	–	–
Total	1,503,836,117	100	13,013,145	1,490,822,972

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

On 31 December 2018, the total accounts receivable due from Wu-mart, Carrefour, Beijing Lotus Supermarket Chain Co., Ltd., Beijing Yonghui Superstores Co. Ltd., Jingdong, Tianjin jumei.com Technology Co., Ltd, Vipshop, and Lefeng (Shanghai) Information Technology Company Limited amounted to RMB407,663,837 (31 December 2017: RMB428,485,860) were limited by being factored to secure certain bank loans of the Group.

Pursuant to the factoring agreement between the Group and HSBC, HSBC provides a bank loan for amount of not exceeding 70% of accounts receivable factoring to the Group. HSBC collected the entire amount of accounts receivable and is only required to pay the Group any amount it collects in excess of the loan amount. As the Group has not transferred specifically identifiable cash flows, fully proportionate share of all or part of the cash flows or part of specifically identifiable cash flows, the Group cannot apply the derecognition model to part of the factored accounts receivable.

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

On 31 December 2018 and 31 December 2017, there were no accounts receivable due from shareholders holding 5% or more of the Company's shares with voting power.

4. ACCOUNTS PAYABLE

Aging of accounts payable based on date of pick-up

Item	**2018.12.31** ***RMB***	2017.12.31 *RMB*
Within 1 year	**985,132,303**	1,051,560,123
1-2 years	**7,094,374**	9,033,806
2-3 years	**2,479,769**	2,809,359
Over 3 years	**6,726,901**	7,212,795
Total	**1,001,433,347**	1,070,616,083

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

5. UNDISTRIBUTED PROFITS

Item	Amount	Proportion of appropriation
	RMB	
For the year ended at 31 December 2018		
Undistributed profits at the beginning of year *(Note 1)*	**504,701,969**	
Add: Net profit attributable to the shareholders of the parent company for the year	**63,312,317**	
Less: Appropriation to statutory surplus reserve	**5,377,297**	**10%**
Ordinary shares' dividends payable	**24,733,200**	
Other *(Note 2)*	**(3,357)**	
Undistributed profits at the end of the year	**537,907,146**	
For the year ended at 31 December 2017		
Undistributed profits at the beginning of year	476,230,980	
Add: Net profit attributable to the shareholders of the parent company for the year	47,485,004	
Less: Appropriation to statutory surplus reserve	5,019,386	10%
Ordinary shares' dividends payable	20,611,000	
Undistributed profits at the end of the year	498,085,598	

(1) Appropriation to statutory surplus reserve

On 31 December 2018, the undistributed profits of the Group included surplus reserves of subsidies for the year in the amount of RMB19,242,475 (31 December 2017: RMB18,941,023).

(2) Cash dividend approved and subject to approval at the annual general meeting

According to the notice of the annual general meeting on 25 May 2018, a final dividend of RMB0.06 per share in respect of year ended 31 December 2017 was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB24,733,200.

According to the notice of the annual general meeting on 26 May 2017, a final dividend of RMB0.05 per share in respect of year ended 31 December 2016 was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB20,611,000.

On 22 March 2019, the directors of the Company proposed the payment of a dividend of RMB0.08 per share to shareholders in respect of year ended 31 December 2018. The proposal of dividend distribution mentioned above is subject to approval by the shareholders at the Annual General Meeting of the Company. This recommendation has not been incorporated in the consolidated financial statements as a liability. The estimated amount of dividends in aggregate is RMB32,977,600.

Note 1: The difference between undistributed profits at the beginning of year 2018 and at the end of year 2017 was RMB6,616,371. The reason is that, the Group has adopted the New Standard of Financial Instruments since 1 January 2018 in accordance with the requirements of the Ministry of Finance. The Group retroactively applies the New Standard of Financial Instruments. However, the Group does not restate categorization and estimation (including impairments) that is related to the data on the prior comparative financial statements and different from the New Standard of Financial Instruments. On the Group's consolidated financial reports, such retroactive adjustments make the beginning balance of other comprehensive income on 1 January 2018 decrease by RMB6,616,371; these adjustments make the beginning balance of undistributed profit increase by RMB6,616,371.

Note 2: The Company received RMB3,357, which was the dividends that paid by the Company in 2008, 2009 and 2010 but be refunded thereafter.

6. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

	2018 *RMB*		2017 *RMB*	
Item	**Income**	**Cost**	Income	Cost
Principal operations	**10,445,548,498**	**8,930,704,196**	10,786,227,182	9,251,355,087
Other operations	**1,204,735,274**	**11,872,777**	1,169,510,105	7,822,522
Total	**11,650,283,772**	**8,942,576,973**	11,955,737,287	9,259,177,609

(2) Principal operating income and principal operating costs (classified by industry segments)

	2018 *RMB*		2017 *RMB*	
Item	**Principal operating income**	**Principal operating costs**	Principal operating income	Principal operating costs
Retail	**4,251,207,905**	**3,526,168,118**	4,513,255,270	3,748,109,906
Wholesale	**6,157,646,906**	**5,377,846,186**	6,227,140,323	5,466,211,783
Others	**36,693,687**	**26,689,892**	45,831,589	37,033,398
Total	**10,445,548,498**	**8,930,704,196**	10,786,227,182	9,251,355,087

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

7. INCOME TAX EXPENSE

(1) Details of income tax expense

Item	**2018** *RMB*	2017 *RMB*
Current income tax expense calculated in accordance with tax laws and relevant requirements	**70,824,364**	53,288,085
Deferred income tax expense	**388,253**	58,578
Total	**71,212,617**	53,346,663

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

Item	**2018** *RMB*	2017 *RMB*
Accounting profit	**177,589,578**	148,189,130
Income tax expense calculated at tax rate of 25%	**44,397,395**	37,047,283
Effect of subsidiary companies to adapt different tax rates	**194,960**	180,543
Effect of non-deductible expenses	**4,944,512**	3,011,983
Effect of non-taxable income	**(321,674)**	(876,625)
Effect of using deductible losses of previously unrecognized deferred tax assets	**(990,781)**	(436,259)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets	**22,562,772**	15,016,348
Effect of adjusting the previous years' income tax	**425,433**	(596,610)
Total	**71,212,617**	53,346,663

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

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

Item	**2018** *RMB*	2017 *RMB*
Net profit attributable to ordinary shareholders for the current year	**63,312,317**	47,485,004
Including: Net profit from continuing operations	**63,312,317**	47,485,004

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

Item	2018	2017
Number of ordinary shares outstanding	**412,220,000**	412,220,000

Earnings per share

Item	2018 *RMB*	2017 *RMB*
Calculated based on net profit and net profit from continuing operations attributable to shareholders of the parent company		
Basic earnings per share	**0.15**	0.12
Diluted earnings per share	**N/A**	N/A

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

9. NET CURRENT ASSETS

Item	2018.12.31 *RMB*	2017.12.31 *RMB*
Current assets	**5,410,195,756**	5,266,654,564
Less: Current liabilities	**5,444,705,932**	5,486,420,553
Net current assets	**(34,510,176)**	(219,765,989)

10. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	2018.12.31 *RMB*	2017.12.31 *RMB*
Total assets	**7,687,799,828**	7,700,251,772
Less: Current liabilities	**5,444,705,932**	5,486,420,553
Total assets less current liabilities	**2,243,093,896**	2,213,831,219

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, under the complicated international and domestic environment, the domestic macroeconomic operation remained generally stable. Although the risks of instability and uncertainty increased, an overall positive trend of quality improvement and structural optimization was presented. In particular, with the contribution rate of final consumption expenditure to economic growth reaching 76.21%, the role of the main driving force of economic growth was further consolidated, despite a lower growth rate of the total retail sales of social consumer goods compared with the previous year. Facing the rise of a new retail model comprising online and offline integration, as well as the new industry pattern and new changes in the consumer market, the Group managed to grasp the diversified needs of customers and seize the opportunities for changes in consumption patterns and consumption concept, and therefore transformed and upgraded around the two core elements, namely goods and services. Based on specific factors such as the location of the store and the characteristics of the consumer groups served, the group introduced multi-format in supermarket business, such as small-scale communities live-fresh stores, fresh-strengthened store. The Group explored various aspects such as commodity category structure, quality and price management, display planning, logistics and distribution, service support, and smart shopping experience, to cater for the shopping needs of mass consumers and certain differentiated consumer groups. Further, the Group actively introduced new technologies, continuously upgraded its own shopping APP and the third-party platform, expanded online product coverage, improved the online consumer shopping experience, enhanced the consumer stickiness and customer flow and in turn achieved progress in its online and offline integrated operations.

Retail Business

Promoting the transformation and upgrade of stores

During the Reporting Period, the Group focused on electronization, digitization, internetization and intellectualization, and supported the use of information technology to accelerate the introduction of new types of equipments such as self-service cash registers and electronic price tags to meet the younger, trendier and more convenient consumer needs. In accordance with the new store layout planning, display standards and management standards, three supermarkets and eight convenience stores have been transformed and upgraded. Among them, Jingkelong Xibahe Store and Tianzhu Store made their debut as fresh-strengthened stores and were well accepted by consumers. The Group continued to promote the development of its “Jingjie” (京捷) and “Love Home” (愛家) community live and fresh produce convenience stores to meet the needs of community residents for the convenience consumption of daily necessities. The Group also seized the policy-driven opportunity and piloted retail of drugs in convenience stores, enriching the types of convenience store products. During the Reporting Period, the Group opened two 24-hour self-service stores based on current stores, better satisfying consumption needs in terms of timeliness and convenience, and realizing integration of traditional business model and new business operation of self-service stores.

During the Reporting Period, the Group redecorated and upgraded 11 stores (including three supermarkets and eight convenience stores). Throughout the year, the Group opened 15 convenience stores (including 12 directly-operated convenienced stores and three franchised convenience stores). Due to reasons such as the expiration of the terms of leasing, the closure of loss-making outlets, the modifications to the development strategy and government demolition, during the Reporting Period, the Group closed down two supermarkets, 10 directly-operated convenience stores, and 17 franchised convenience stores.

The total number of the Group's retail outlets was 206 as at 31 December 2018. The following table sets out the number and net operating area of the Group's retail outlets as at 31 December 2018:

	Department Stores	**Hypermarkets**	**Supermarkets**	**Convenience stores**	**Total**
Number of retail outlets:					
Directly-operated	2	11	59	100	172
Franchise-operated	–	–	1	33	34
Total	2	11	60	133	206
Net operating area (square metres):					
Directly-operated	39,742	78,818	133,036	18,564	270,160
Franchise-operated	–	–	880	8,709	9,589
Total	39,742	78,818	133,916	27,273	279,749

Continuing to strengthen commodity operation

During the Reporting Period, the Group continued to optimize the product structure, focused on the core competitiveness of individual products, conduct analysis of selected products in key categories, and accelerate product iteration and replacement. The Group increased the introduction of customized, buyout and self-owned products and utilized bulk buyout or customization to improve effectiveness and efficiency of single products. The Group utilized the competitive advantage of its live and fresh commodities, further strengthened the construction of vegetable bases, and created a high value, high quality, high cost-effective brand image of live and fresh produce through united roughing processing. Through effectively controlling damages and losses, the operating costs of live and fresh produce could be controlled, and the quality and price competitiveness of live and fresh produces had in turn improved. Further the development and introduction of packaged vegetables had satisfied the online consumers' demand, forming a core competitive advantage for the Group's online and offline integrated operations.

Adopting multiple initiatives to promote online business development

During the Reporting Period, the Group has completely revised its online shopping APP to improve its functions and enhance the shopping experience; and improved the efficiency of store picking and delivering operation by adopting the online platform + front warehouse distribution model. The Group enriched the coverage of online products, accelerated the replacement of goods, and attracted online customers and expanded sales by utilized its competitive advantage in live and fresh produce; The Group introduced a number of social logistics companies to ease the pressure of distribution during peak hours, imposed reasonable the rules for delivery of goods and reduced the cost of distribution. Further, by utilizing Internet technology, the picking process of third-party platforms has been optimized and inturn improved the efficiency of picking at the outlets. The Group increased the promotion efforts on online exclusive merchandise, launched online exclusive-price merchandise promotions, and leveraged on third-party platform traffic advantages to actively carry out campaigns such as "money off", "hot items on sale", "hot item seckilling", "posters discount" and "Jingkelong Brand Day", which effectively increased the volume of orders, and hence the proportion of online sales continued to increase.

Actively exploring marketing innovation

During the Reporting Period, the Group focused on holidays and celebration events as the main theme in the planning of promotional activities, and organised eight Jingkelong exclusive festivals, including the Jingkelong member commodity festival, tourism commodity festival, summer vegetable and fruit festival, autumn vegetable and fruit festival, summer cool festival, super taste Beijing festival, hot pot festival and warm winter commodity festival, which created an atmosphere to attract customers and effectively drove sales growth. The Group also enriched types of the promotion form and expanded the membership coverages through offering of members' gifts, a certain rate of discount for a member's purchase of a second item, items redemption opportunities upon capacity full and membership portfolio price for certain goods. The Group introduced festival-themed trivia game and DIY know-how and recipes to increase consumption and sales; expanded the variety of posters, added QR code electronic posters, regularly published WeChat stories, circle of friends advertisements and Weibo marketing materials, etc., and actively made attempts to introduce online and offline joint promotion. The Group's campaigns in enriching the shopping experience, realising the in-store scene broadcasting, and transmitting the product and promotional information to consumers through stores broadcasting, and the campaigns were well received.

Paying high attention on food safety

During the Reporting Period, the Group attached great importance to the food safety management, continuously improved the Group's food safety management system, and standardized its food safety management work from various aspects such as the manufacturer's food safety assessment standards, food safety management system, food hazard control, and food safety crisis resolution. The Group imposed strict control over supplier qualifications and access of products and strengthened inspections of suppliers and their products; conducted food safety knowledge and management system training through establishing a food safety knowledge database, organizing food safety knowledge training, and conducting food safety technician skills competitions, so as to continuously improve food safety awareness and food safety management. The live and fresh produce logistics centre strengthened the transportation link from transportation loading, distribution, and vehicle temperature at the time of unloading, ensuring quality control during the transportation of live and fresh produce; the normal temperature logistics centre increased the intensity of inspection, and strictly inspected the dates of arrival and quality of products. During the Reporting Period, a total of three stores were amongst the first batch that were awarded the title of the first batch of "Reliable Meat and Vegetable Demonstration Supermarket" in Beijing. The Group will continue to do the best for the food safety management seriously and provide customers with safe food.

Taking full advantage of the logistics network

During the Reporting Period, the Group took full advantages of the logistics aspect of live and fresh product logistics centre to expand the varieties of daily distribution of bread, cooked food, and pastries and added them into unified distribution. It concentrating the supply chain resources and reducing the shortage rate of the stores. The Group completed the logistics basket switching programme, which could allow the stores to place orders according to the standard unit, effectively solve the problem of inefficiency of basket returning and the lack of storage space in stores; the normal temperature logistics centre introduced the delivery barcode, such that the goods will be recognized as inventory of the relevant stores once the barcode being scanned when outbound, which effectively shortened the in-transit inventory time of the delivered goods, and the efficiency of the supply chain was promoted, supporting needs for real-time inventory of online and offline integrated operations.

Operation results of retail business

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

	2018	2017	Increase/ (Decrease)
	RMB'000	*RMB'000*	
Retail business			
Hypermarkets	**1,182,633**	1,251,443	(5.5%)
Supermarkets	**2,667,112**	2,826,421	(5.6%)
Convenience stores	**363,132**	349,287	4.0%
Department stores	**38,330**	41,469	(7.6%)
(including commissions)	**32,601**	35,063	(7.0%)
Online retail business *(Note)*	**–**	44,635	–
Total retail principal operating income	**4,251,207**	4,513,255	(5.8%)
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**16.4%**	16.3%	0.1p.p

Note:

Online retail business is the exclusive shop opened by the Group wholesale business on online platforms such as Tianmao in order to display and improve popularity of its products. Along with the integration of online and offline businesses, online retail business merged into wholesale business and no longer be disclosed individually.

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 5.8%. This was mainly attributable to (i) an overall same-store sales decrease of approximately 0.44% during the Reporting Period; and (ii) the impact of continuously adjusting the layout of stores and government demolition, including the closure of sixteen stores in year 2017 and twelve stores in year 2018, and the redecoration and upgrade of eleven stores during the Reporting Period, which caused the decrease in the retail principal operating income.

During the Reporting Period, the same store sales growth (the "**SSSG**") was -0.44%, as compared to a growth of 2.96% for the year ended 31 December 2017.

The gross profit margin generated from the directly-operated retail business (excluding department stores) increased slightly from approximately 16.3% in 2017 to approximately 16.4% in the Reporting Period, mainly because of: (i) the adjustment and optimization of the composition of the commodities by gradually increasing the proportion of high value-added and high gross profit margin products during the Reporting Period; (ii) the re-adjustment on the layout of stores by closing those unprofitable and low gross profit stores; and (iii) the improvement of operation and reduction of losses of live and fresh produce.

Wholesale Business

Deepening the integration of resources with channels

During the Reporting Period, the Group effectively followed up the key downstream clients to enhance customer satisfaction by improving the quality of marketing services, thereby consolidating the cooperation relationship with existing sales channels; at the same time, the Group accelerated the cooperation with the new retail format, continued to strengthen the in-depth cooperation with the major e-commerce mainstream platforms, and provided promotional services and logistics services to meet new demands according to the characteristics of e-commerce customers. The Group continued to introduce the international brand commodities, focused on the development of imported goods such as maternal and child, beauty, household, small electrical appliances and dietary supplement. The Group also continued to explore channel integration and expand market share by leveraging on its mature brand resources and logistics systems.

Enhancing brand value

During the Reporting Period, the Group adopted refined management methods to coordinate various resources, actively promoted brand cooperation, introduced superior brands and expanded cooperation with suppliers with an dominant edge. During the Reporting Period, the Group continued to expand its own brand and currently has had 10 self-owned brands, including Shangzhen (尚珍), Moshifu (魔師傅), Miaoshaoye (喵少爺), Zhaoxixiangchu (朝夕相廚) and Yinya (銀雅). The Group utilised its existing sales network to promote the sales of its self-owned brands products to break through the regional limits of self-owned brands.

Strengthening the reform of logistics business

During the Reporting Period, the Group continued to improve the management specialization, and standardization level of logistics and distribution of the wholesale business, and continuously optimized its logistics operations and innovative logistics procedures to cater for the online and offline customers' respective needs as well as the new concept and new technology of evolvement from the Internet to the Internet of Things. The Group created a new model of smart logistics through efficient collaboration in relevant aspects of the supply chain; actively developed and expanded the scale of the third party logistics business actively, improved the service accuracy, and in turn push forward the rapid development of the third party logistics business.

Operation results of wholesale business

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

	2018 *RMB'000*	2017 *RMB'000*	Increase/ (Decrease)
Wholesale principal operating income recognized by Chaopi Group*	**6,652,101**	6,691,314	(0.6%)
Less: Intersegment Sales	**(497,502)**	(467,011)	6.5%
Sales to franchisees	**3,048**	2,837	7.4%
Total wholesale principal operating income	**6,157,647**	6,227,140	(1.1%)
Gross profit margin **(%)	**11.7%**	11.4%	0.3p.p

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

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

During the Reporting Period, the wholesale principal operating income recognized by Chaopi Group decreased by approximately 1.1% and was mainly due to (i) the adjustment to the composition of e-commerce commodities; and (ii) the termination of the cooperation with suppliers with a niche market share or low margin products.

During the Reporting Period, the increase in the gross profit margin of the wholesale business recognized by Chaopi Group was approximately 0.3 percentage points mainly because of (i) the continuous adjustment of commodity structure by eliminating low margin commodities; and (ii) the gradually rising and stabilizing of liquor prices.

FINANCIAL RESULTS

	2018 *RMB'000*	2017 *RMB'000*	Increase/ (Decrease)
Principal operating income	**10,445,548**	10,786,227	(3.2%)
Gross profit	**1,514,844**	1,534,872	(1.3%)
Gross profit margin (%)	**14.5**	14.2	0.3p.p
Earnings before interest and tax	**339,546**	311,341	9.1%
Net profit	**106,377**	94,842	12.2%
Net profit margin(%)	**1.0**	0.9	0.1p.p
Net profit attributable to shareholders of the parent company	**63,312**	47,485	33.3%
Net profit margin attributable to shareholders of the parent company (%)	**0.6**	0.4	0.2p.p

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income decreased by approximately 3.2%, of which retail principal operating income decreased by approximately 5.8%, and wholesale principal operating income decreased by approximately 1.1%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group decreased by approximately 1.3% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 14.5% (2017: 14.2%), of which, the gross profit margin generated from the directly-opened retail business increased slightly to 16.4% (2017: 16.3%), the gross profit margin of wholesale business increased to 11.7% (2017:11.4%).

OTHER OPERATING INCOME

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

The Group's other operating income increased from RMB1,169,510,105 in 2017 to RMB1,204,735,274 by approximately 3.0% during the Reporting Period, mainly due to the increase of income from promotional activities, and the increase of rental income from stores.

SELLING EXPENSES

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

The Group's selling expenses were RMB2,075,079,026 during the Reporting Period, representing an increase of approximately 1.3%, which were basically flat compared to the corresponding period in 2017. The increase was primarily due to (i) the increase in advertisement fees and promotional fees targeted at the terminals of the wholesale business; and (ii) an increase in the repairment spending along with the redecoration and upgrade of current stores and security facility allocation.

ADMINISTRATIVE EXPENSES

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

The Group's administrative expenses were RMB298,378,649 during the Reporting Period, the same expenditure level as the corresponding period in 2017.

FINANCIAL EXPENSES

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

The Group's financial expenses increased from RMB163,457,153 in 2017 to RMB172,697,916 during the Reporting Period. The main reason for the increase is due to the higher interest rate beared during the Reporting Period compared to the corresponding period in 2017.

INCOME TAX EXPENSE

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

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

Income tax expense increased from RMB53,346,663 in 2017 to RMB71,212,617 in 2018, primarily due to the increase in 2018 taxable profits.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

The net profit attributable to shareholders of the parent company increased by approximately 33.3% from RMB47,485,004 in 2017 to RMB63,312,317 in 2018. This was mainly attributable to the increase of net profit in retail business during the Reporting Period.

BASIC EARNINGS PER SHARE

The Group recorded basic earnings per share of approximately RMB0.15 for 2018, which was calculated on the basis of the number of 412,220,000 shares. The basic earnings per share for 2017 was RMB0.12. The increase in earning per share was mainly due to the increase of net profit attributable to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2018, the Group had non-current assets of RMB2,277,604,072 (comprising of fixed assets, investment properties and land use rights of RMB1,427,826,806), and non-current liabilities of RMB66,094,191.

As at 31 December 2018, the Group had current assets of RMB5,410,195,756. Current assets mainly comprised of cash and cash equivalents of RMB1,014,227,924, inventories of RMB1,668,923,611, accounts receivable of RMB1,490,822,972 and prepayments and other receivables of RMB926,421,867. The Group had current liabilities of RMB5,444,705,932. Current liabilities mainly comprised of accounts payable and notes payables of RMB1,632,697,778, short-term borrowings of RMB2,757,649,469, contract liabilities of RMB368,155,099 and other current liabilities of RMB359,909,339.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 31 December 2018, the Group had bank loans of RMB2,757,649,469, which consisted of accounts receivable factored bank loans of RMB155,555,585, unsecured bank loans of RMB2,602,093,884. All the Group's bank loans bear interest rates ranging from 4.35% to 5.99% per annum.

Certain of the Group's margin deposits of RMB132,682,283 were pledged for notes payable of RMB631,264,431 as at 31 December 2018.

As at 31 December 2018, the Group's gearing ratio* is approximately 71.7%, which is slightly lower than that of 72.1% as at 31 December 2017.

* *Represented by: Total Debt/Total Asset*

FOREIGN CURRENCY RISK

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

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

EMPLOYEES AND TRAINING

As at 31 December 2018, the Group employed 6,010 employees in the PRC (31 December 2017: 6,842). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB748,945,515 (2017: RMB730,286,237). The staff emolument (including directors and supervisors) of the Group are based on position, duty, experience, performance, and market rates, in order to maintain their remunerations at a competitive level.

As required by the PRC laws and regulations, the Group participates in the defined contribution retirement benefits scheme for its employees operated by the relevant local government authorities in the PRC. The Group is required to make contributions for those employees who are registered as permanent residents in the PRC at a rate of 20% (2017: 20%) of the employees' salaries, bonuses and certain allowances. The Group has no further obligation associated with the said defined contribution retirement benefits scheme beyond the above mentioned annual contributions. The Group's contributions to the defined contribution retirement benefits schemes amounted to approximately RMB70,101,635 for the Reporting Period (2017: RMB69,056,508).

During the Reporting Period, the Group hosted trainings with various format and topics for its employees to improve their skills and professional knowledge. The Group held 62 seminars during the year, and 4,900 employees have benefited from them.

CAPITAL INCREASE IN RESPECT OF A NON-WHOLLY OWNED SUBSIDIARY

On 27 February 2018, Chaopi Trading contributed an additional capital injection of RMB4,800,000, which has been fully paid up, into a non-wholly-owned subsidiary of the Company, Chaopi International Trading (Shanghai) Company (the "**Chaopi International Trading**"), increasing the registered capital of Chaopi International Trading from RMB5,000,000 to RMB9,800,000. After the increase of registered capital, the Company has become a holder of an indirect equity interest of approximately 79.85% in Chaopi International Trading.

CHANGES OF EQUITY INTEREST IN ONE SUBSIDIARY

Pursuant an agreement entered into between Chaopi Trading and an independent third party dated 5 November 2018, the said independent third party disposed 11.55% of its equity interest in Tangshan Chaopi Baishun Trading Company Limited (the "**Tangshan Baishun**") to Chaopi Trading for a consideration of RMB3,426,538.50. After the completion of the said transfer, the Company has become a holder of an indirect equity interest of approximately 65.12% in Tangshan Baishun.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

As the date of this announcement, no important events affecting the operation and financial performance of the Group significantly have occurred since 31 December 2018.

STRATEGIES AND PLANS

Despite the unstable and uncertain factors in macroeconomic operation in 2019, China is still one of the most innovative countries with the highest consumer potential in the world. With the application of new technologies such as big data and artificial intelligence, active innovation of the business format and changes in ways of communication between people, the accelerated convergence of online and offline will inevitably lead to opportunities and challenges for the development of the Group. In this regard, the Group will continue to improve and upgrade its products and services through introducing advanced technologies such as big data, artificial intelligence, and mobile Internet technology relying on the advantage of the physical business to explore online and offline integration, and achieve transformation, upgrading and sustainable development:

Return to the essence of retail

The Group has steadily implemented the transformation and upgrading of the current offline stores. Based on the division of traditional hypermarkets, supermarkets and convenience stores and according to the geographical location of each store, consumer groups, consumption habits, offline order development trends, the Group will continue to refine the classification of the stores, and accordingly, the arrangement and optimization of the product categories of the stores are being carried out. On the basis of the live and fresh version 3.0, the group will continue to upgrade the live and fresh produce operation according to the requirements of version 4.0, satisfy the demand of consumers to purchase fresh, safe and green live and fresh produce, and to consolidate the ability of retaining offline customers and attracting new online customers. The Group will continue to develop customized, buyout, and self-owned brands' products, reducing the cost of purchasing goods, strictly controlling the quality of goods, accelerating the introduction of new products, and to retain offline customers and online consumers by continuous introduction of new commodities.

Further promote the development of online business

The Group will continue to promote the development of its own APP shopping channel and third-party platform business, make full use of the Group's supply chain resources and the advantages of offline stores to create a unique advantage of the Group's online channels, such as the launch of Jingkelong small program, group buying, lucky draw, interaction and other marketing means so as to enhance users' stickiness and interaction. The Group will accelerate the application of new technologies, integrate online and offline resources, and improve the processing capacity of online orders of the offline stores; on the basis of the integration of online and offline business, the Group could provide the consumers with the freedom to convert between online and offline modes according to their own individual consumption needs.

Steadily development the sustainable development of wholesale business

With the extensive application of new technologies such as big data, cloud computing and Internet of Things, the level of distribution channel shows a streamlined trend. The Group, as distributor, will continuously enhance its marketing capability, information services capability and logistics service capability for both online and offline omni-channel and further extend to the upstream and downstream along the industrial chain. Through its competitive supply chain resources, modernized logistics support and multi-channel integration development, the Group will be able to consolidate its competitiveness as a circulation enterprise.

OTHER INFORMATION

Corporate Governance

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

Provision A.4.2 of the Corporate Governance Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Articles of Association of the Company stipulates that each director shall be elected by the general meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Having taken into account of the continuity of the Group's operation and management policies, the Company's Articles of Association contains no express provision for the directors' retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

Audit Committee

The audit committee of the Company has reviewed the Group's 2018 audited annual results and discussed with the management and the external auditors on the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

Scope of work of Ruihua Certified Public Accountants LLP

The figures in respect of the Group's consolidated balance sheets, consolidated income statement and the related notes thereto for the year ended 31 December 2018 as set out in the Annual Results Announcement have been agreed by the Group's auditor, Ruihua Certified Public Accountants LLP, to the amounts set out in the audited consolidated financial statements of the Group. The work performed by Ruihua Certified Public Accountants LLP in this respect did not constitute an assurance engagement in accordance with China Auditing Standards, China Standards on Review or China Standards on Assurance Engagements issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by Ruihua Certified Public Accountants LLP on the Annual Results Announcement.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Distribution of Dividends

The directors recommend the payment of a final dividend of RMB0.08 (2017: RMB0.06) per share (tax inclusive) in respect of the Reporting Period to shareholders on the register of members on 6 June 2019. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position. The arrangement of the closure of the register of shareholders of H shares of the Company (the "**H Shares**") regarding shareholders' dividends will be announced in the notice the 2018 Annual General Meeting of the Company to be dispatched to the shareholders. The above dividend distribution proposal is subject to the approval by the shareholders at 2018 Annual General Meeting of the Company. The dividends to be distributed will be denominated and declared in Renminbi. Distribution of the cash dividends for domestic shareholders will be paid in Renminbi, while cash dividends for H shareholders will be declared in Renminbi but paid in Hong Kong dollars (based on the average of the exchange rates for Renminbi to Hong Kong dollars as announced by the People's Bank of China for the five working days prior to the date of convening the 2018 Annual General Meeting at which the final dividends is approved by the Shareholders).

Pursuant to the "Enterprise Income Tax Law of the PRC" and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the PRC", commencing from 1 January 2008, any Chinese domestic enterprise which pays dividends to a non-resident enterprise shareholder (i.e. legal person shareholder) in respect of accounting periods beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. Since the Company is a H share listed company in Hong Kong, the proposed 2018 final dividend will be subject to the aforesaid Enterprise Tax Laws.In order to properly carry out the withholding and payment of income tax on dividends to non-resident enterprise shareholders, the Company will strictly abide by the law and identify those shareholders who are subject to the withholding and payment of income tax based on the register of its H shareholders as on Thursday, 6 June 2019. In respect of all shareholders whose names appear in the register of H shareholders kept at Computershare Hong Kong Investor Services Limited, the Company's H-Shares Registrar and Transfer Office in Hong Kong as on Thursday, 6 June 2019 who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organizations that are all considered as non-resident enterprise shareholders), the Company will distribute the 2018 final dividends after deducting income tax of 10%.

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the "**SAT Notice**") dated 28 June 2011, and the letter titled "Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland companies"(the "**Stock Exchange Letter**") issued by the Stock Exchange dated 4 July 2011, the Company is required to withhold and pay the individual income tax in respect of the 2018 Final Dividends paid to the individual H shareholders whose names appear in the register of H-Shares Registrar of the Company (the "**Individual H Shareholders**") when distributing the 2018 final dividends in accordance with the law, as a withholding agent on behalf of the same. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau).The Company will finally withhold and arrange for the payment of the withholding tax pursuant to the above the SAT Notice and the Stock Exchange Letter and other relevant laws and regulation, including the "Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發<非居民享受稅收協定待遇管理辦法(試行)>的通知》(國稅發[2009]124 號) (the "**Tax Treaties Notice**")). The Company will determine the country of domicile of the Individual H Shareholders based on the registered addresses as recorded in the register of members of the Company on Thursday, 6 June 2019 (the "**Registered Address(es)**"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows: (i) For Individual H Shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholder; (ii) For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If the relevant Individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant shareholder to handle the application for the underlying preferential tax benefits pursuant to the tax treaties, provided that the relevant shareholder shall submit to the Company the information required under the Tax Treaties Notice on or before 31 July 2019. Upon examination and approval by competent tax authorities, the Company will assist in refunding the additional amount of tax withheld and paid. (iii) For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will finally withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. and (iv) For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders. If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before 31 July 2019. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notices if they do not provide the relevant supporting documents to the Company within the time period stated above.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

Closure of Register of Members

The register of members of the Company will be closed from Saturday, 4 May 2019 to Friday, 24 May 2019, both days inclusive, during which no transfer of shares of the Company will be effective. Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited (the "**H-Shares Registrar**") at 4:30 p.m., the close of business on Friday, 3 May 2019 are entitled to attend and vote at the 2018 Annual General Meeting following completion of the registration procedures. To qualify for attendance and voting at the 2018 Annual General Meeting, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged at the transfer office of the Company's H-Shares Registrar, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 3 May 2019. Holders of domestic shares of the Company (the "**Domestic Shares**") whose names appear on the register of shareholders of the Company at 4:30 p.m., the close of business on Friday, 3 May 2019 are entitled to attend and vote at the 2018 Annual General Meeting following completion of the registration procedures. Holders of Domestic Shares should contact the secretary to the board of directors of the Company (the "**Secretary to the Board**") for details concerning registration of transfers of Domestic Shares. The contact details of the Secretary to the Board are: 3rd Floor, Block No.45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China. Telephone No.: 86(10) 6460 3046. Facsimile No.: 86 (10) 6461 1370.

The register of members of the Company will also be closed Saturday, 1 June 2019 to Thursday, 6 June 2019, both days inclusive, during which no transfer of shares of the Company will be effective. Holders of H Shares and whose names appear on the register of H Shares kept at the Company's H-Share Registrar and holders of Domestic Shares of the Company whose names appear on the register of shareholders of the Company at 4:30 p.m., the end of Thursday, 6 June 2019 are entitled to the 2018 final dividend (if any). To qualify for entitlement of the 2018 final dividend (if any), documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged at the transfer office of the Company's H-Share Registrar at above address, not later than 4:30 p.m. on Friday, 31 May 2019. Holders of Domestic Shares should contact the Secretary to the Board (whose contact details are set out above) for details concerning registration of transfers of Domestic Shares.

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held on Friday, 24 May 2019. The notice of the 2018 Annual General Meeting will be sent to the shareholders of the Company together with the 2018 Annual Report, and will also be available on the HKEXnews (the "**HKEXnews**") website of Hong Kong Exchanges and Clearing Limited and the website of the Company.

PUBLICATION OF 2018 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews website at www.hkexnews.hk and the Company website at www.jkl.com.cn. The 2018 Annual Report will be available on the HKEXnews and the website of the Company, and despatched to Shareholders on or about Monday, 8 April 2019.

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

Beijing, PRC
22 March 2019

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