

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

Stock Code: 814HK

## Corporate Presentation ( Annual Results 2007 )



# Agenda

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## I. Annual Accomplishments

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## II. Financial Highlights

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## III. Business Review

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## IV. Strategy and Future Plans

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## V. Industry Outlook & Vision

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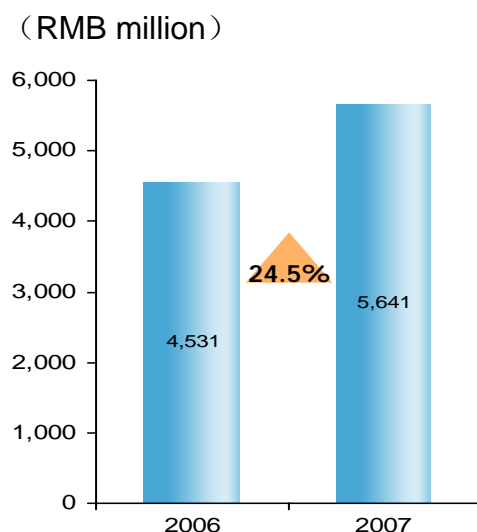
# I. Annual Accomplishments

## ■ Annual results recorded remarkable growth in 2007:

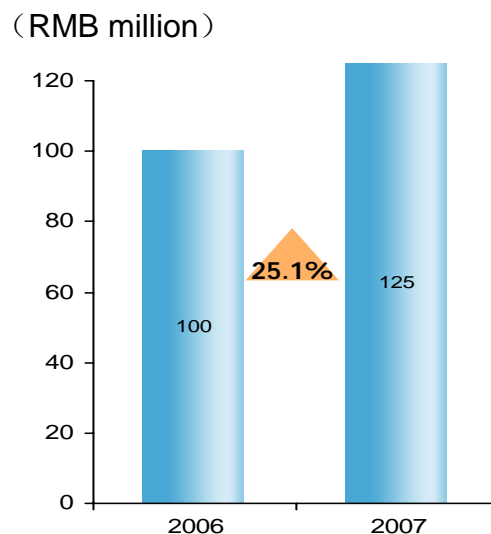
- ★ Revenue and profit attributable to shareholders increased by 24.5% and 25.1% respectively
- ★ Number of retail outlets rose from 171 to 214
- ★ Same store growth increased from 6.6% of 2006 to 11.4% of 2007

## ■ Proposed final dividend of RMB17.5 cents (including tax)

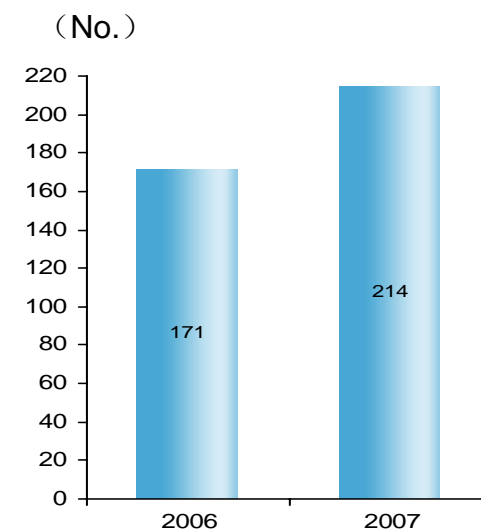
## ■ Migrated from GEM to Main Board of HKSE on 26 February 2008



Revenue



Net profit



Number of outlets

## II. Financial Highlights - Financial Summary

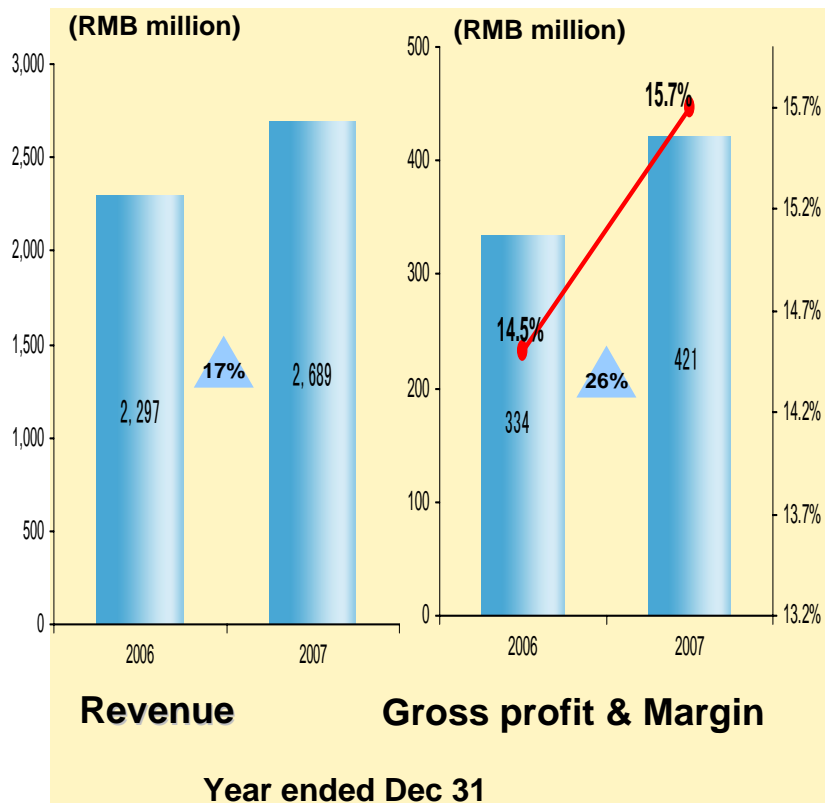
RMB '000	For the year ended 31 December		
	FY2006 (audited)	FY2007 (audited)	Change
<b>Turnover</b>	4,530,975	<b>5,640,599</b>	<b>+24.5%</b>
<b>Gross profit</b>	564,590	<b>721,837</b>	<b>+27.9%</b>
<b>Profit attributable to shareholders</b>	99,577	<b>124,593</b>	<b>+25.1%</b>
<b>Basic earnings per share (RMB)</b>	35.1 cents <sup>(1)</sup>	<b>31.9 cents<sup>(2)</sup></b>	<b>- 9.1%</b>
<b>Final Dividend per share (RMB)</b>	15.0 cents	<b>17.5 cents</b>	<b>+16.7%</b>

(1) The calculation of earnings per share for 2006 is based on the weighted average number of 283,672,055 shares .

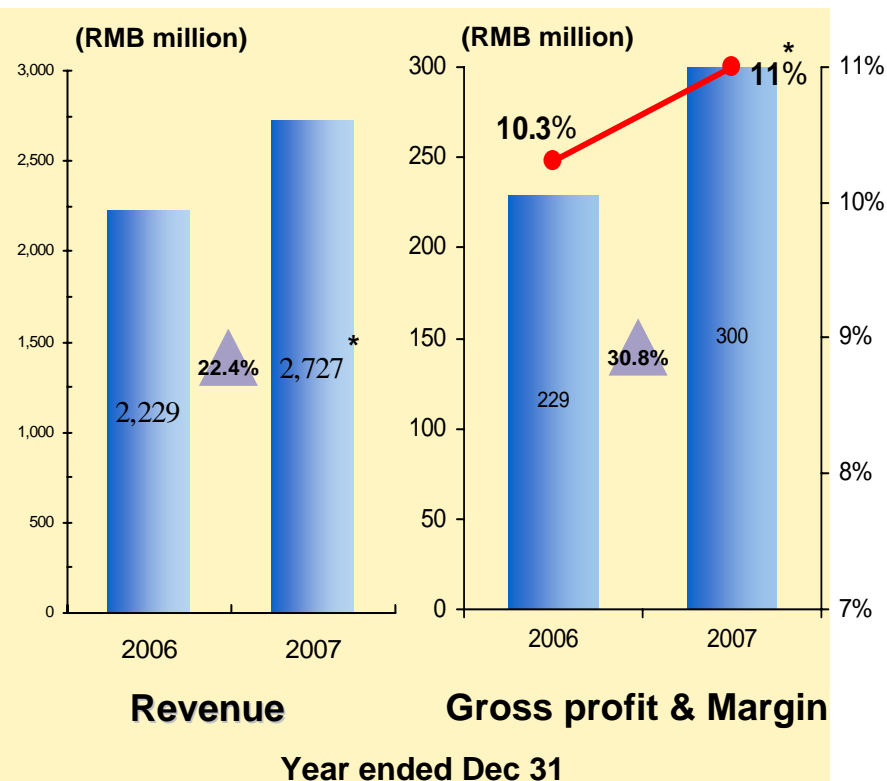
(2) The calculation of earnings per share for 2007 is based on the weighted average number of 390,719,448 shares .

## II. Financial Highlights - Revenue and Gross Profit

### Retail Business



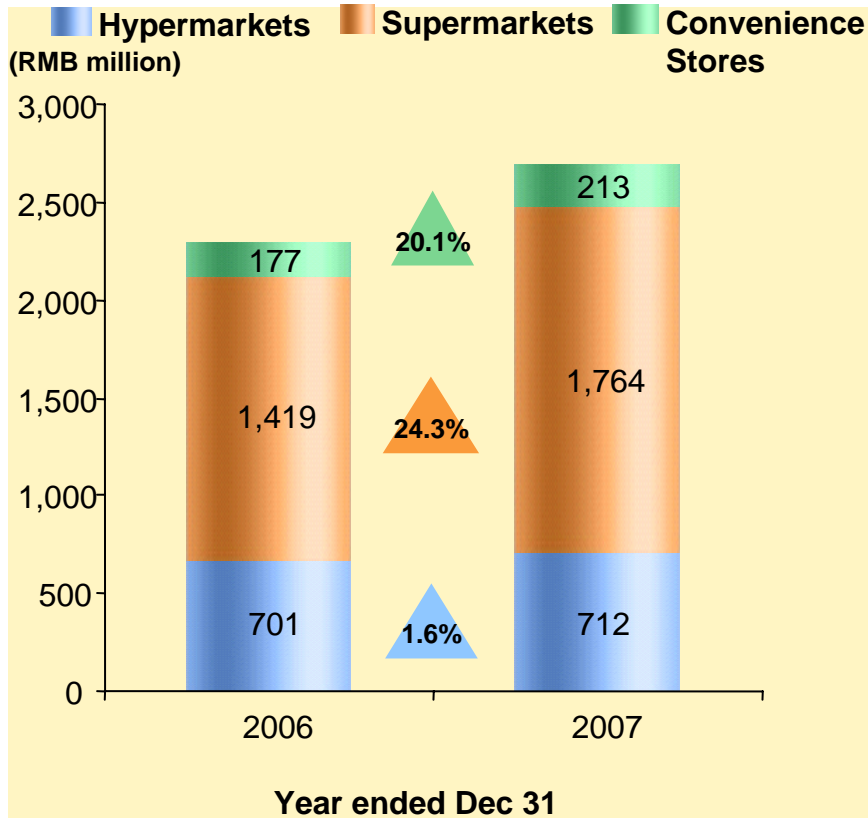
### Wholesale Business



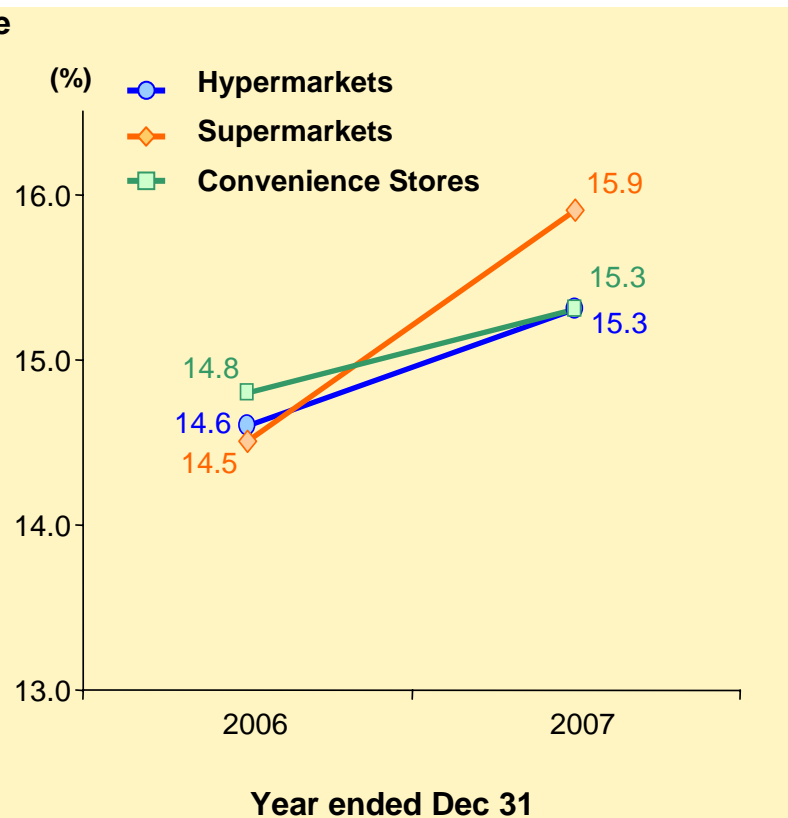
\* : Excluding the 2007 sales of approximately RMB 221.4 million to Shoulian, the wholesale revenue was around 2,727 million and gross profit margin is 11%.

## II. Financial Highlights - Retail Segments

### Revenue



### Gross Profit Margin



## II. Financial Highlights - Retail Segments

	Hypermarket		Supermarket		Convenience Store	
	As at Dec 31		As at Dec 31		As at Dec 31	
	2007	2006	2007	2006	2007	2006
<b>Number of directly operated stores</b>	6	5	41	38	48	39
<b>Total operating area ('000 sq.m.)</b>	53.1	44.9	95.8	87.1	10.8	8.8
<b>Average area per store ('000 sq.m.)</b>	8.9	9.0	2.3	2.3	0.23	0.23
<b>Revenue / Operating area / day (RMB)</b>	53.4	49.9	50.1	46.7	66.0	57.5
<b>Average value per transaction (RMB)</b>	57.9	50.2	30.8	28.4	8.9	9.2
<b>Same store sales growth (%)</b>	4.4	0.7	13.4	10.4	15.6	7.0

## II. Financial Highlights - Key Financial Figures

	As at Dec 31			As at Dec 31	
	2007	2006		2007	2006
Gross profit margin	12.8%	12.5%	Inventory turnover days	41	41
EBITDA margin	6.3%	6.4%	Debtor turnover days	39	37
EBIT margin	5.0%	5.1%	Creditor turnover days	65	64
Net profit margin	2.2%	2.2%	Fixed assets turnover	6.6x	8.2x
Effective tax rate	33.9%	36.1%	Retail: operating lease / revenue	2.2 %	1.54 %
Return on equity	10%	10.1%	Staffing expenses / revenue	4%	4.6%
Current ratio	1.03	1.15	Finance costs / sales	0.5%	0.6%
Net gearing ratio	37.4%	13.8%	Retail: revenue / employee (RMB)	659,000	598,000

### III. Business Review - Integrated wholesale and retail

#### Retail

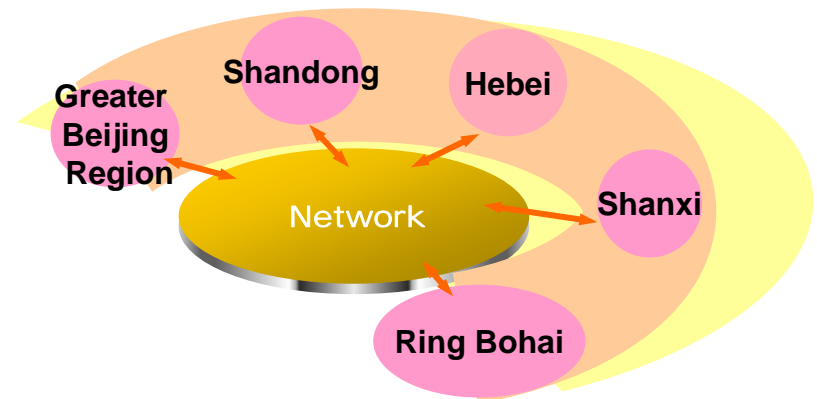
- ★ Expanding retail network: the total number of stores reached to 214
- ★ Having 150 stores in densely populated and affluent Chaoyang District
- ★ Exploring new operation model to meet the need of consumption upgrade-Community Shopping Center on the self-owned land commenced operation at the end of 2007

#### Wholesale

- ★ The two new-established companies obtained good results
- ★ The number of sole distributorship brands reached to 61, including famous brand such as “金六福”、“五粮液”、“金龙鱼”、“青岛啤酒”、“苏菲”、“碧柔”, etc.
- ★ Expanding distribution network and channel in Taiyuan Shanxi Province

Number of Retail Outlets as at 31 Dec 2007

	Directly Operated Stores	Franchised Stores	Shoulian delegated	Total
Department store	1	-	1	2
Hypermarket	6	-	5	11
Supermarket	41	1	22	64
Convenience Stores	48	89	-	137
<b>Total</b>	<b>96</b>	<b>90</b>	<b>28</b>	<b>214</b>



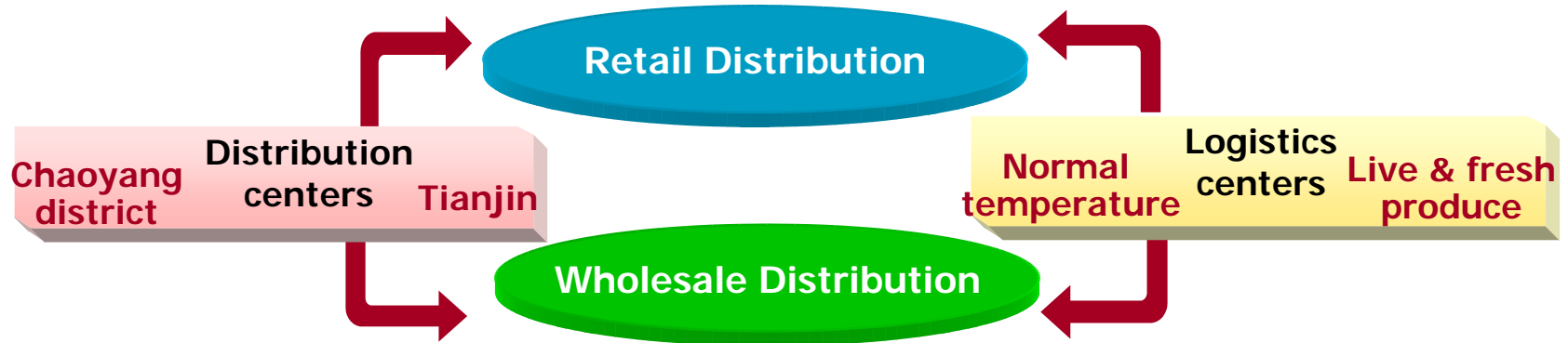
### III. Business Review – Integration of Shoulian

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- **Balance relationship between growth and profitability, expansion and shareholder return, M&A speed and merger integration**
- ★ Identifying appropriate target corporations in the same industry and future expansion region: In 2007, invested strategically RMB 50 million in Shoulian, one of the retail operator in Beijing and provided delegation of 45.3% equity of Shoulian
- ★ Shoulian is comprised of several enterprises with brand names of “小白羊”, “亿客隆”, “星座兴石”, being operated under parallel and redundant separate systems of purchasing, distribution and operation management
- ★ Depending on the resource-integrated capacity, systematically integrated the business systems of 27 retail outlets under the brand name of “小白羊”, “亿客隆” and “星座兴石” with the business system of Jingkelong through switching of information management system, providing a good base for the future improvement of Shoulian’s operation

### III. Business Review – Improving logistics function

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#### ■ Live and fresh produce logistics centre:

Completed the dilation of the pork processing workshop resulting in daily allocating and cutting processing capability of pig promoted from 500 heads to over 1,000 and also increased storage capability of the frozen workshop by 400 tones

#### ■ Normal temperature logistics center:

Completed technological transformation of pass-through products and distribution systems of convenience stores

#### ■ Wholesale distribution centre:

Finished view design and feasibility analysis of the introduction of the automatic classifying and picking equipment manufactured in Japan, have signed the equipment introduction and installation agreement at the beginning of 2008

# IV. Strategy and future plans

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## **1** Regional development strategy

### **Focusing on profitability, adhering to strengthening leading position in the Great Beijing Region**

- Being absorbed in strengthening the regional predominance in retail chain business in the Greater Beijing Region in the coming 2-3 years

### **Open 2 hypermarkets, 8 supermarkets, 8 convenience stores and 22 franchise convenience stores in 2008**

- Further consolidate and expand the wholesale distribution network in Northern , Eastern China and Ring Bohai Economic Circle
- These new-developed wholesale distribution network simultaneously work as the advance base for the future expansion of the Group

## IV. Strategy and future plans

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### 2

#### Positive and steady M&A strategy

- Focus on lifting Shoulian's operation level , arranges redesign and redecoration of stores on the base of integration of information management system, purchasing and logistics distribution system
- Accelerate acquisition progress on the base of improvement of Shoulian's operation and profitability
- Identify appropriate M&A opportunities for further expansion

## IV. Strategy and future plans

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### Helical development strategy

- Alternate development of distribution network and centralized logistics infrastructure to obtain the stable expansion
- To strengthen the logistics and information management systems continuously
- To put the automated classifying and picking equipment into use in wholesale distribution center, in order to strengthen distribution capacity by improving the picking capability to 10 thousand pieces per hour

## IV. Strategy and future plans

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### Capture opportunities arising from the 2008 Beijing Olympics

- The Live and Fresh Produce Logistics Center has become one of the first batch enterprises for the catering of Olympic Games
- To be approved to set up 6 temporary shops in the Olympic Village and 8 sales spots in the Olympic Games competition halls by official authorization
- Continue to implement the consumer-oriented operation concept, convert traditional experience marketing to data basis marketing and carry out consumer-dividing marketing on the base of analysis of consumer characteristics and behavior

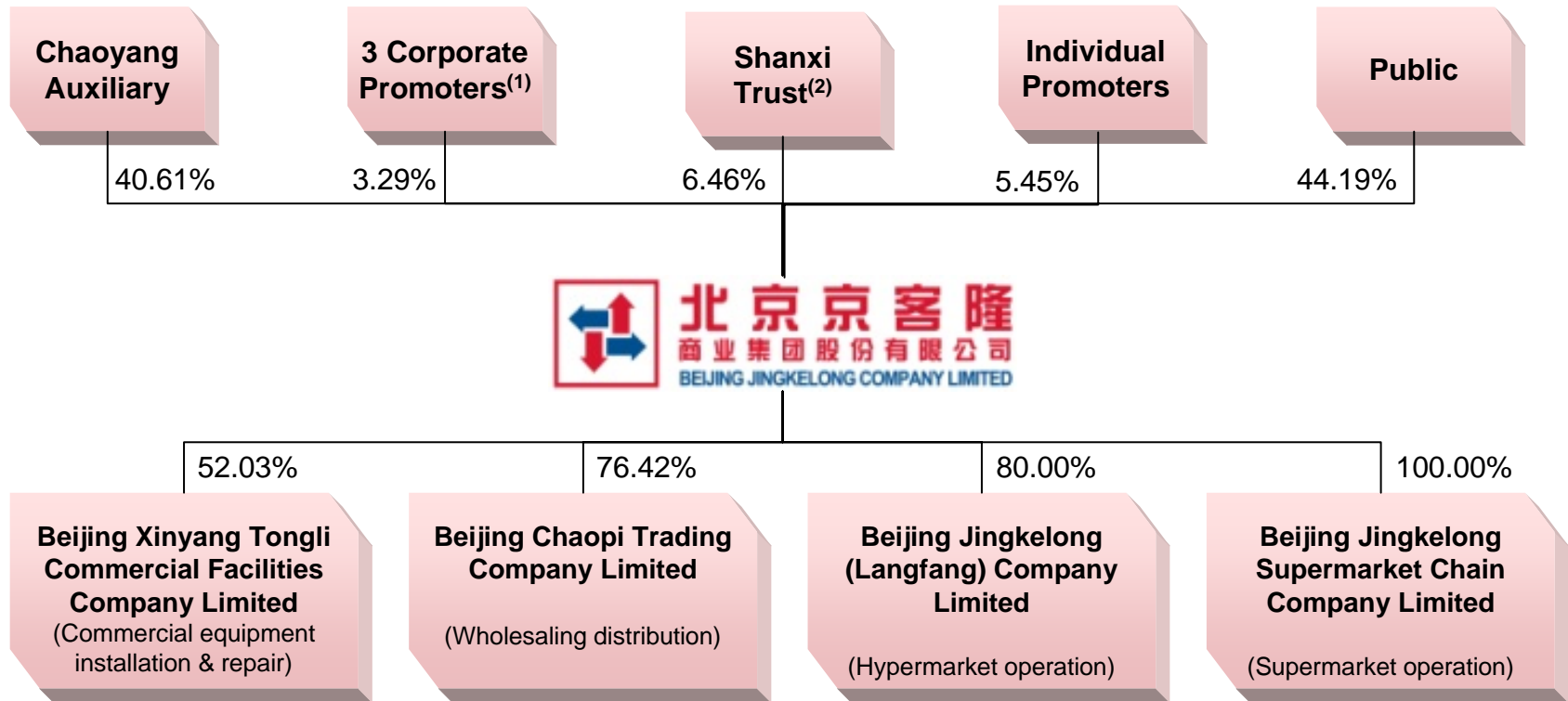
## V. Industry Outlook & Vision

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- Continue to benefit from positive impact on consumers demand brought by the growth in resident income and upgrade of consumption structure, with the hosting of 2008 Beijing Olympic Games
- Maintain an optimistic outlook despite keen competition among foreign and local operators
- Capture M&A opportunities as market becomes more concentrated

**Become One of the Leading Integrated Retail and wholesale  
Distribution operators in the Greater Beijing Region**

# FYI - Shareholding & Corporate Structure



(1) Represents three small suppliers of the Group

(2) A professional trustee company and is holding Domestic Shares as trustee for 122 employees and officers of the Company