

**北京京客隆**

**商业集团股份有限公司**

BEIJING JINGKELONG COMPANY LIMITED

Stock Code: 814HK

## Interim Results 2008



# Agenda

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- ◇ Financial Review
- ◇ Business Review
- ◇ Future Plans & Strategies
- ◇ Appendix



# Financial Highlights

For the 6 months ended 30 June

RMB '000	2008 ( <i>unaudited</i> )	2007 ( <i>unaudited</i> )	Change
Revenue	<b>3,356,811</b>	2,572,208	<b>+ 30.5%</b>
- Retail	<b>1,595,388</b>	1,348,894	<b>+ 18.3%</b>
- Wholesale	<b>1,756,678</b>	1,220,697	<b>+ 43.9%</b>
Gross profit	<b>468,248</b>	337,995	<b>+ 38.5%</b>
Profit attributable to shareholders	<b>76,361</b>	56,819	<b>+ 34.4%</b>

# Financial Highlights

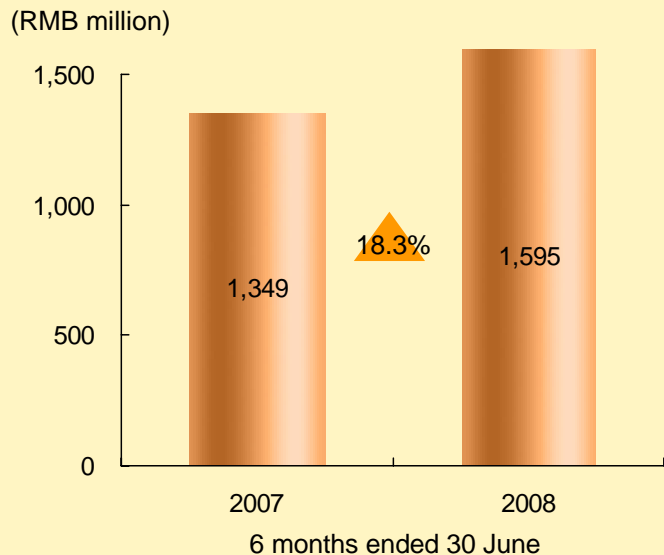
RMB	For the 6 months ended 30 June		
	2008 <i>(unaudited)</i>	2007 <i>(unaudited)</i>	Change
Basic earnings per share	<b>18.5 cents</b>	14.8 cents	<b>+ 25%</b>
Net book value per share	<b>3.00</b>	2.60	<b>+ 15.4%</b>
Par value per share	<b>1.00</b>	1.00	-

*Note: For the 6 months ended 30 June 2008, total shares are 412,220,000 shares (2007: 384,620,000 shares), including 230,060,000 domestic shares (2007: 232,820,000 domestic shares) and 182,160,000 H shares (2007: 151,800,000 H shares)*

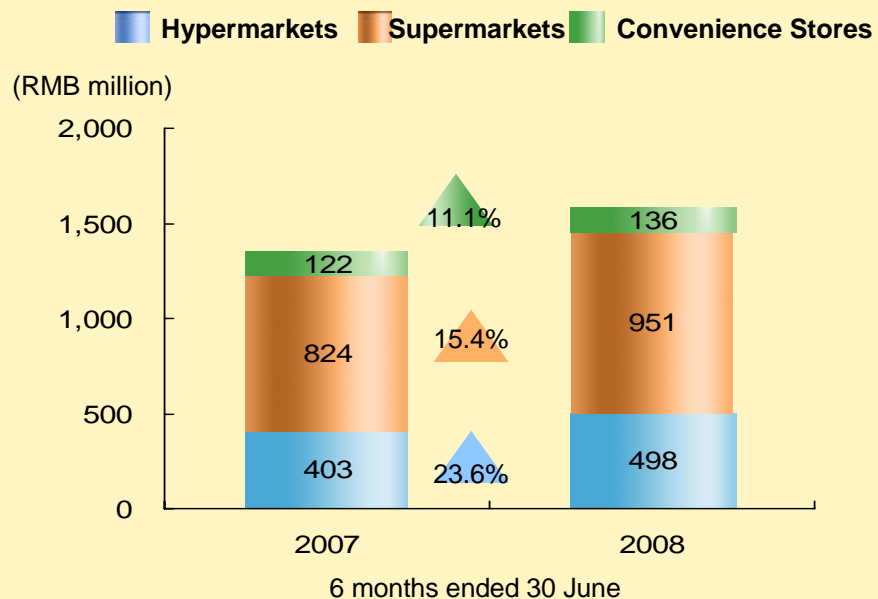
# Retail Business – Revenue

- Revenue of retail business reached RMB1,595 million, representing a growth of approximately 18.3 % against 1H2007
- Revenue from hypermarkets, supermarkets and convenience stores accounted for approximately 31.2%, 59.6 % and 8.5 % of total revenue from retail business respectively, and reported a growth of 23.6%, 15.4% and 11.1% respectively
- Same store sales growth was 9.5%

## Revenue of Retail Business



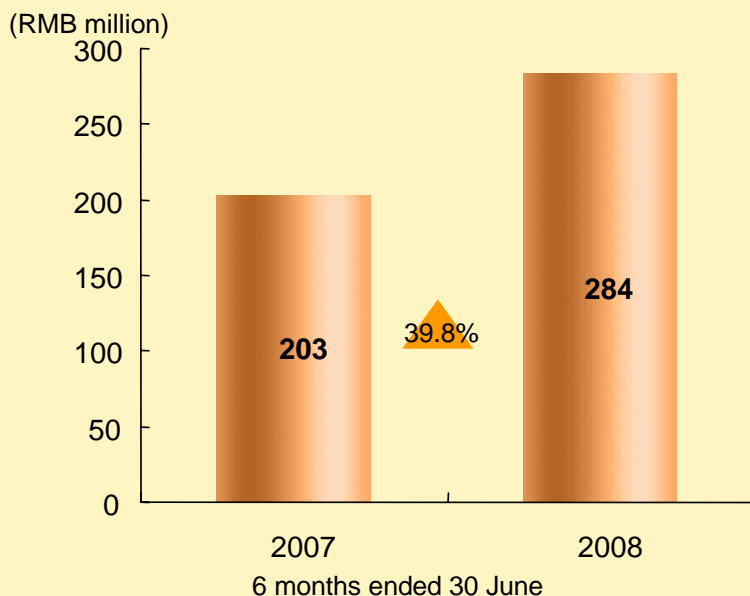
## Revenue Breakdown by Retail Segments



# Retail Business – Gross Profit and Margin

- Gross profit of retail business reached RMB284 million, representing a growth of approximately 39.8 % against the corresponding period of last year
- Gross profit margin of retail business increased from 15.0 % to 17.2 %

## Gross Profit of Retail Business



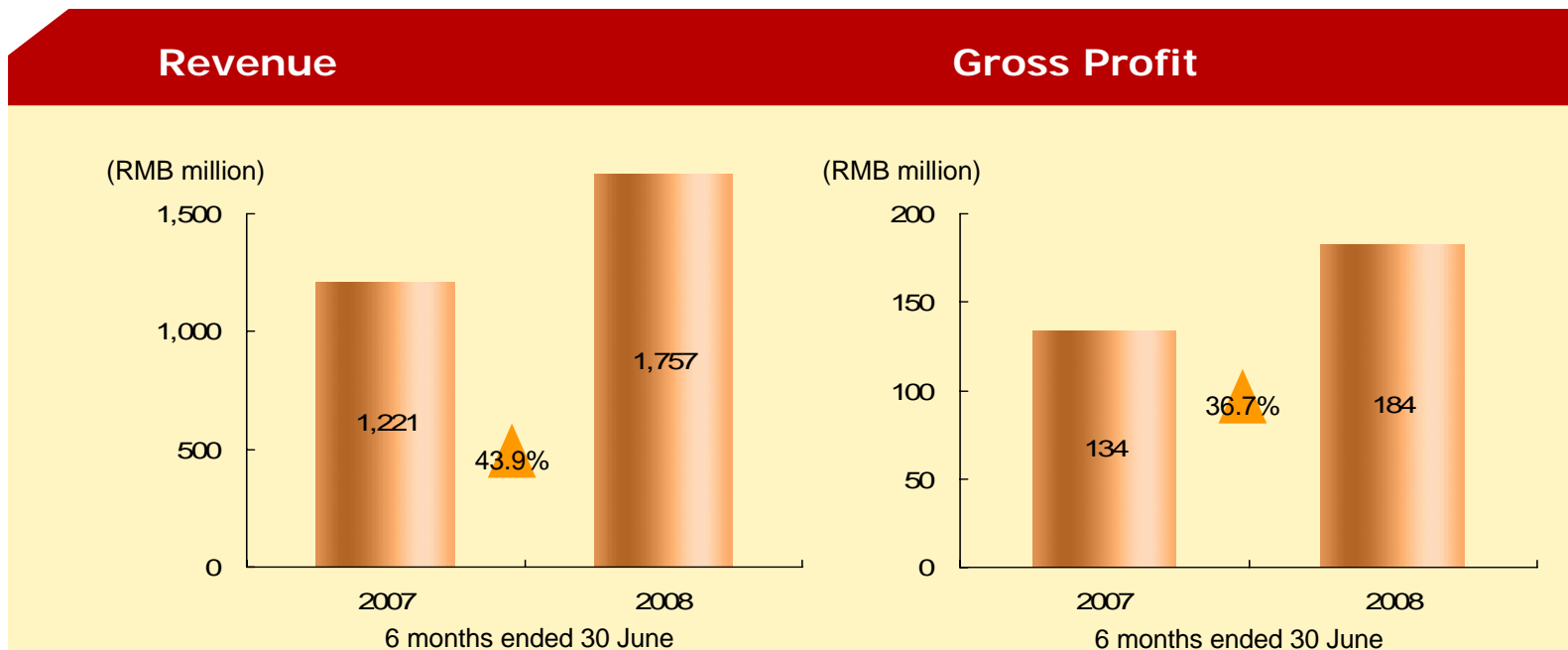
## Gross Profit Margin by Retail Segments

For the 6 months ended 30 June

	2008	2007
Hypermarket	16.6%	15.2%
Supermarket	17.7%	15.0%
Convenience Store	16.3%	15.0%
Average	17.2%	15.0%

# Wholesale Business

- Revenue increased by approximately 43.9%
- Gross profit surged approximately 36.7 %
- Gross profit margin improved from approximately 9.6 % to 10 %



# Key Financial Figures

Key Financial Ratios	As at June 30	
	2008	2007
Gross profit margin	13.9%	13.1%
EBITDA margin	7.2%	6.1%
Net profit margin (attributable to shareholders)	2.3%	2.2%
- - Retail (before MI)	2.9%	2.9%
- - Wholesale (before MI) *	3.5%	2.8%
Effective tax rate	30.2%	30.4%
Net gearing ratio	54.0%	20.8%

\* : Exclude sales to Shou Lian

# Key Financial Figures

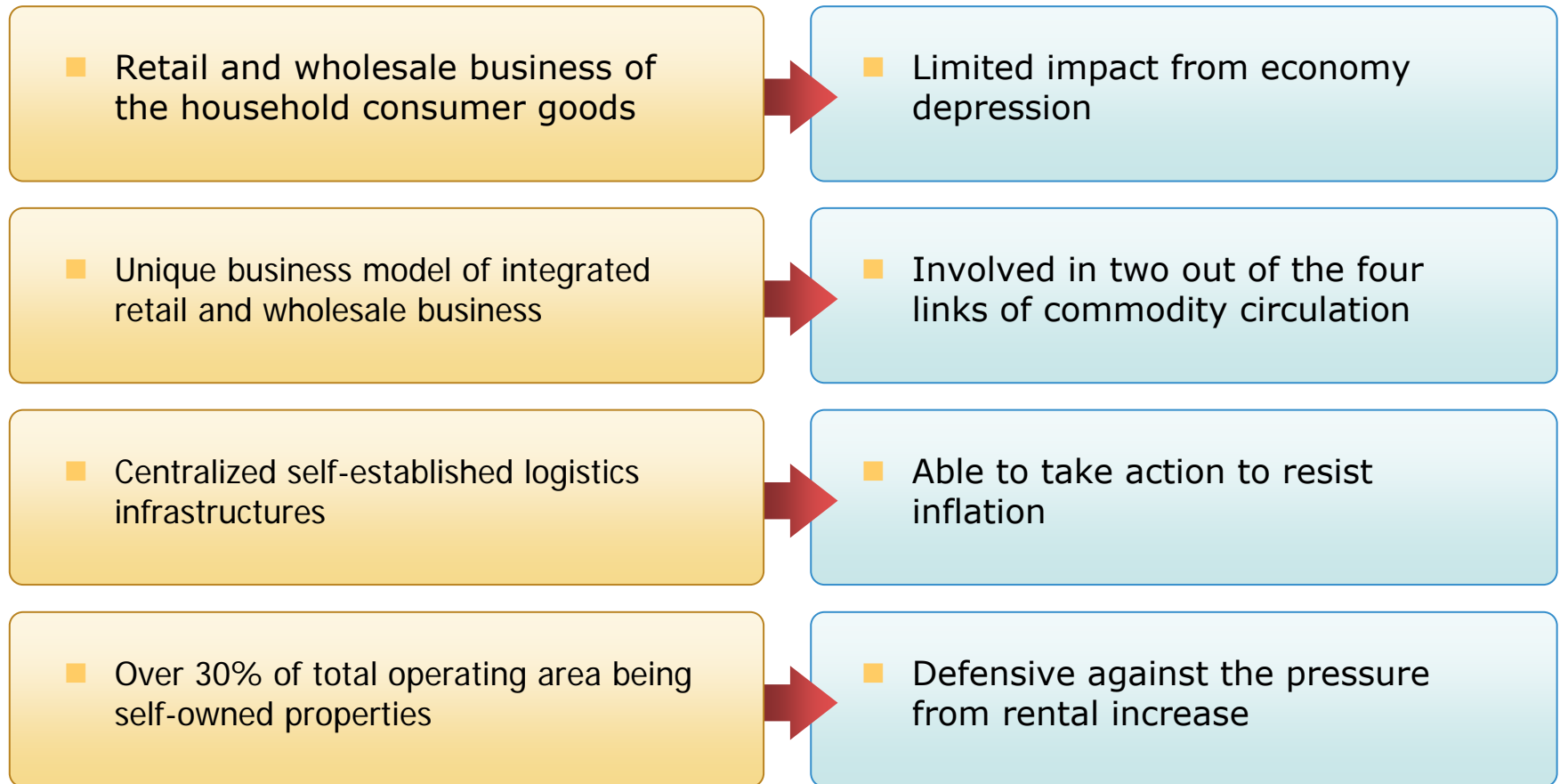
Key Financial Ratios	As at June 30	
	2008	2007
Inventory turnover days	40	38
Debtor turnover days	41	31
Creditor turnover days	63	57
Rent expenses/ revenue*	1.8%	2.0%
Staff expenses/ revenue	5.3%	5.5%
Finance costs/ revenue	1.3%	0.6%
Revenue/employee * (RMB)	349,000	335,000

\* Retail business figures



# Business Review

# Key Strengths—A defensive player



# Expansion of Retail Network

## ■ Setting up new stores:

- As at 1H 2008, set up 1 hypermarket, 3 supermarkets, 1 convenience store and 9 franchised convenience stores

### No. of outlets as at 30 June 2008

	Directly Operated Stores	Franchised Stores	Shoulian Delegated Stores	Total
Department stores	1	-	1	2
Hypermarket	7	-	5	12
Supermarket	42	1	22	65
Convenience Stores	49	94	-	143
<b>Total</b>	<b>99</b>	<b>95</b>	<b>28</b>	<b>222</b>

# Expansion of Retail Network

- Retail network covering 17 districts and counties out of the total 18 districts and counties in Beijing

Coverage	JKL	Shoulian	Coverage	JKL	Shoulian
Chaoyang	144	5	Changping	5	2
Dongcheng	1	-	Shunyi	7	-
Xicheng	2	-	Tongzhou	14	1
Chongwen	2	-	Mentougou	-	2
Xuanwu	1	-	Huairou	-	1
Haidian	4	3	Miyun	1	-
Fengtai	6	4	Yanqing	1	-
Shijingshan	-	4	Fangshan	-	1
Daxing	2	5	Hebei Province	4	-

# Expansion of Retail Network

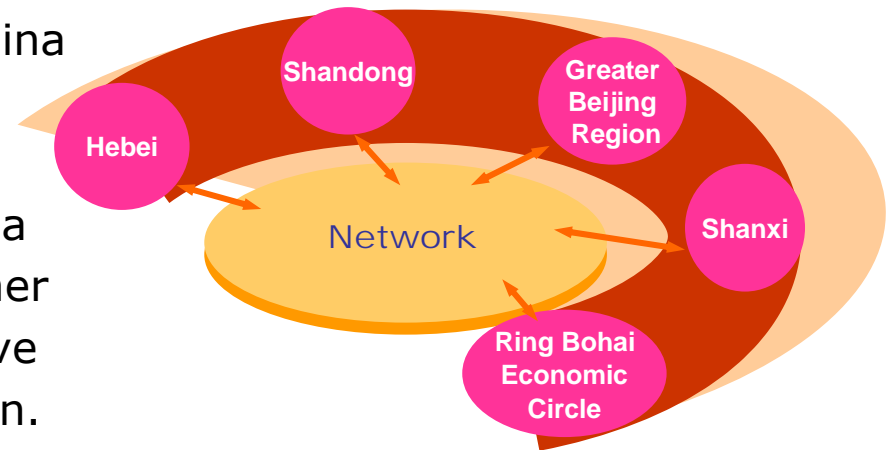
## ■ Steps for accomplishing the acquisition of Shoulian:



- In 1H 2008, commenced renovation of Shoulian delegated stores one by one
- Finished renovating 2 supermarkets which were reopened in July and August 2008 with obviously improved results.
- Accelerate acquisition progress based on the improvement of Shoulian's operation and profitability

# Expansion of Wholesale Business

- Continued to consolidate the wholesale distribution operation in the Greater Beijing Region, Northern, Eastern China and Ring Bohai Economic Circle
- Tianjin branch was transformed into a subsidiary company in favor of further expansion as a leading comprehensive household goods wholesaler in Tianjin.
- Number of regional sole distributorship brands reached to 67



# Improvement of Logistics

## Logistics centers for Retail Business

### Detailed management:

- Expanding sourcing bases of live and fresh produce
- Cost control throughout all the process
- GPS supervisor management system

## Distribution Centers for Wholesale Business

### Acceleration of modernization:

- Storage area 180,000 sq.m, tridimensional stock locations 150,000, annual handling capacity of 60m pieces
- The third-party distribution service
- The automated classifying and picking equipment from Japan

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## Future Plans & Strategies



# Outlook

## Beneficial opportunity from Beijing Olympics in the view of Jingkelong

- **RMB 280 billion** of investment on the municipal infrastructure project has been completed in advance because of hosting Olympics which would be completed in 2010 according to the original requirement of the Eleventh Five-Year Plan
- The economy of Beijing kept developing healthily during the five years of preparing for Olympics and will keep sound development
- More and more mutual understanding, communication, attention, investment and consumption.



# Outlook

Sustainable improvement  
of Beijing economy



Better performance of Jingkelong  
retail and wholesale business

## Favorable environment for development in Beijing:

- Composition of GDP remains to have a higher contribution than investment since 2006
- Resident population continues to increase steadily
- Upward trend of per capita disposable income and per capital GDP
- Enhancement of consumption structure:
  - Upgrade of commodity mix
  - Upgrade of consumption level
  - Upgrade of consumption channel

# Future Plans and Strategies

## 1. Regional Development Strategy

### Focus on enhancing profitability to strengthen the leading position in the Great Beijing Region

- Strengthen 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 20 franchise convenience stores each year
- Further consolidate and expand the wholesale distribution network in Northern , Eastern China and Ring Bohai Economic Circle
- Explore the opportunity for future expansion of retail business on the ground of the expansion of wholesale distribution network as the advance base

# Future Plans and Strategies

## 2. Expansion through potential M&A and cooperation opportunities

- To continue improving the centralized purchasing, logistics infrastructure and management information system, in order to establish a platform for resource-integrating, thus the real and smooth post-merger integration can be achieved
- To accelerate acquisition progress based on the improvement of Shoulian's operation and profitability
- To take multiple M&A means according to various circumstances: asset acquisition, stock acquisition, operation acquisition, delegation plus acquisition, etc

# Future Plans and Strategies

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## 3. Health and sound expansion supported by centralised logistics

- To pursue stable expansion through the development of distribution network and centralized logistics infrastructure
- To strengthen logistics and management information systems continuously
- To put the automatic classifying and picking equipment into use in wholesale distribution center, strengthening distribution capacity to cater expansion need of wholesale business

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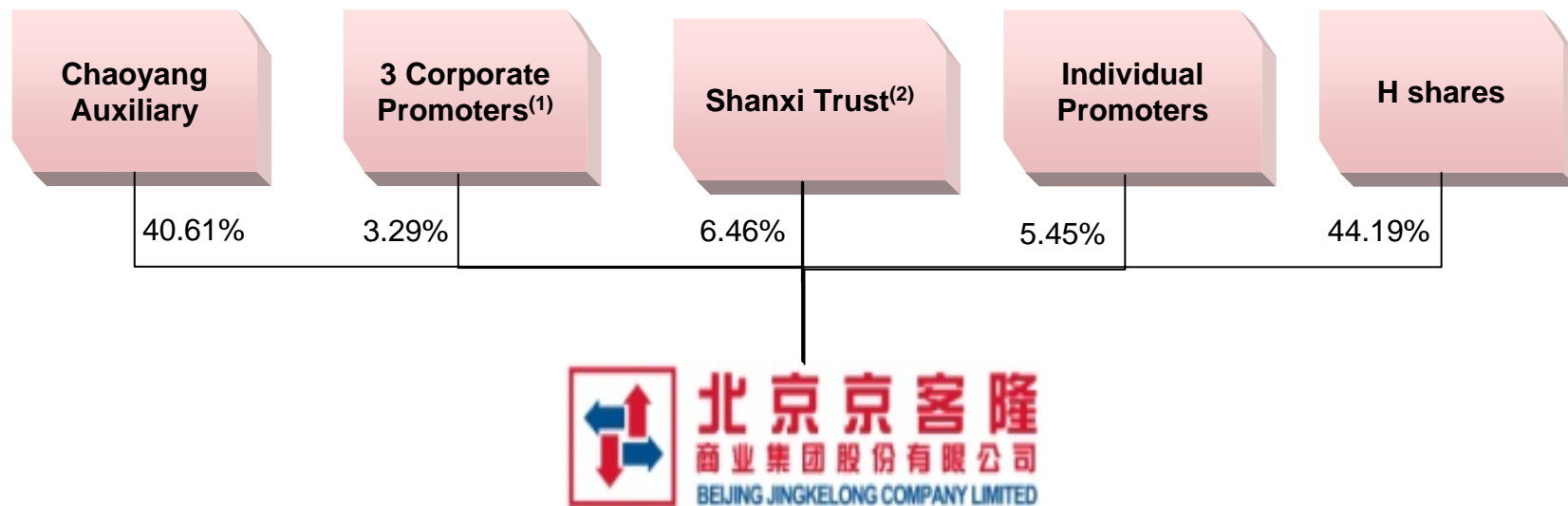
# Open Forum



7	A1010602070123	1	正常单		
8	I2130602080001	1	正常单		
9	I2220602080001	1	正常单		
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11	I2220602080001	3	正常单		
12	I2220602080001	4	正常单		
13	I2220602080001	5	正常单		
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15	I2220602080001	7	正常单	补货单	92
16	I2220602080001	8	正常单	补货单	92
17	I2220602080001	9	正常单	补货单	92
18	I2220602080001	10	正常单	补货单	92
19	I2220602080001	11	正常单	补货单	92
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# Appendix

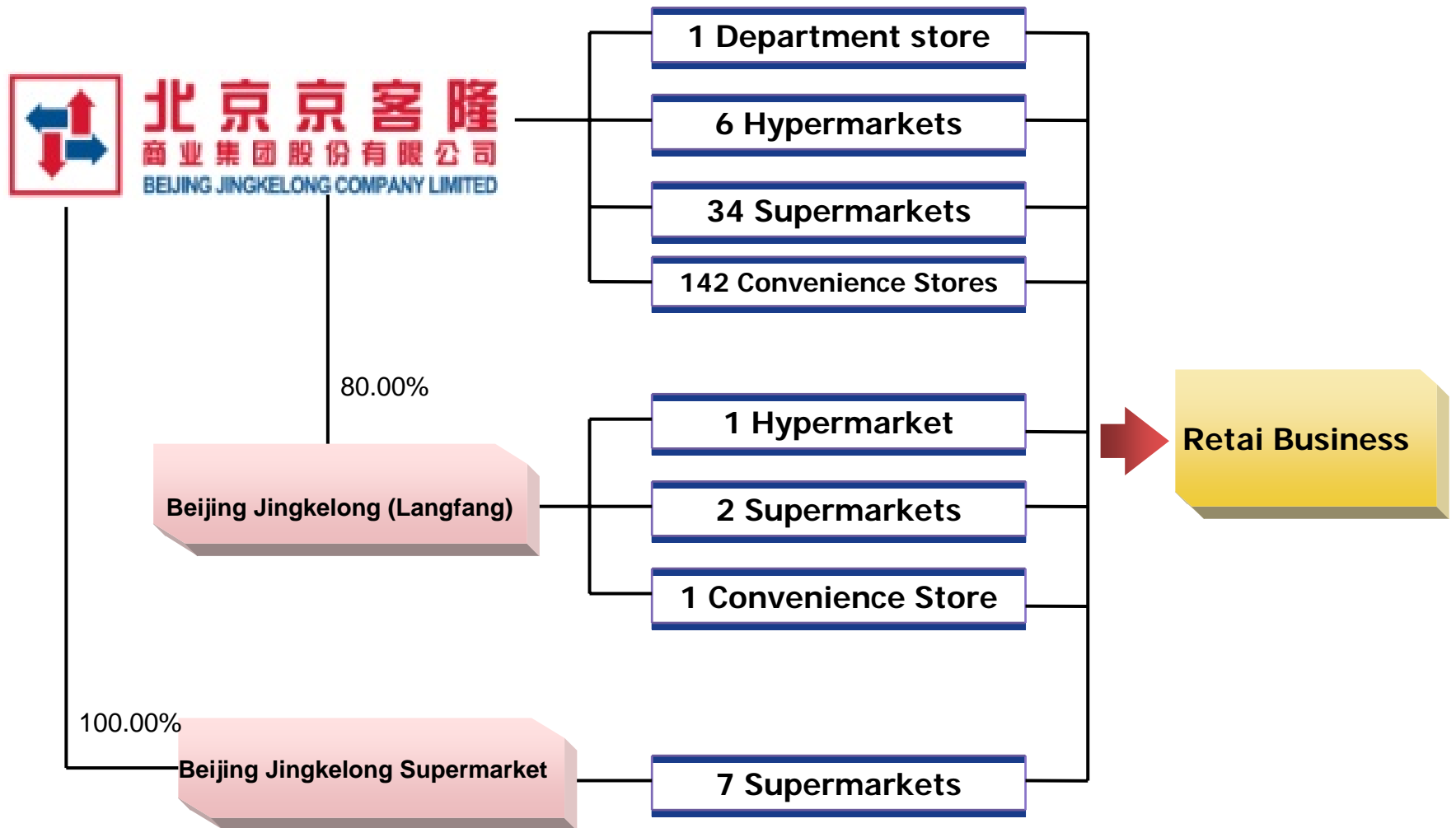
# Shareholding Structure



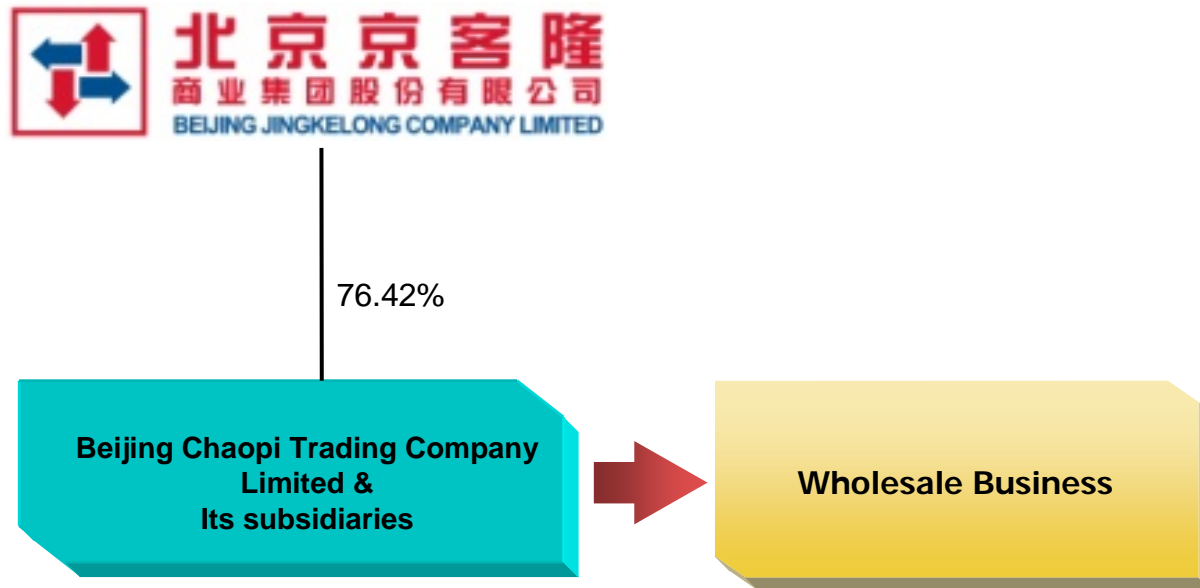
(1) Represents three small suppliers of the Group

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

# Retail Business Structure



# Wholesale Business Structure



# History and Industry Visibility

- Reformed as a limited company in 2002 from a state-owned enterprise and restructured as a joint stock company in 2004
- Listed on GEM of the Hong Kong Stock Exchange in September 2006 and migrated from GEM to the Main Board in February 2008
- Ranked 32nd among the top 100 chain enterprises in China in 2007 and one of Great 10 commercial Brands of Beijing
- Significant growth in revenue, net Profit and business scale:

Year	Revenue (RMB million)	Net profit (RMB million)	Number of outlets
2005	4,121.7	75.1	158
2006	4,531	99.6	171
2007	5,640.6	124.6	214