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北京京客隆商業集團股份有限公司

BEIJING JINGKELONG COMPANY LIMITED\*

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

(Stock Code: 814)

## **POSSIBLE DISCLOSEABLE TRANSACTION**

**Financial adviser to the Company**



**Deloitte & Touche Corporate Finance Ltd.**

### **PROPOSED ACQUISITION**

On 3 December 2010, the Board resolved to, among other things, participate in the Bidding Invitation held by China Beijing Equity Exchange (北京產權交易所) for the entire equity interest of Shou Lian Supermarket. The bid application for the Bidding Invitation has been submitted on the same date.

Shou Lian Supermarket is a state-owned enterprise. Shou Lian Supermarket and its subsidiaries are principally engaged in the operation of one hypermarket and 20 supermarkets in Beijing.

## **LISTING RULES IMPLICATION**

On 27 July 2010, the Company and Shou Lian entered into the Cooperation JV Agreement to establish the JV Company with a registered capital of RMB300 million. The registered capital of the JV Company is held as to 14% and 86% by the Company and Shou Lian, respectively. The JV Company was established in the PRC on 30 July 2010 with the registered capital of RMB 300 million which has been fully paid up. The JV Company is principally engaged in the leasing of the Properties to Shou Lian Supermarket for the operation of its supermarkets.

The Company's bid application for the Bidding Invitation may or may not lead to the entering into of the formal sale and purchase agreement for the acquisition of the entire equity interest of Shou Lian Supermarket. In the event that the Company's bid is successful, the acquisition of the entire equity interest of Shou Lian Supermarket and the Company's 14% share of the capital contribution to the JV Company, in aggregate, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made in respect thereof as and when necessary as stipulated under the Listing Rules.

## **PROPOSED ACQUISITION**

On 3 December 2010, the Board resolved to, among other things, participate in the Bidding Invitation held by China Beijing Equity Exchange (北京產權交易所) for the entire equity interest of Shou Lian Supermarket. The bid application for the Bidding Invitation has been submitted on the same date.

### **The Bidding Invitation**

Vendor: Shou Lian

Minimum price stipulated by the Vendor: RMB121,160,000

Deposit: RMB24,230,000, being the deposit for the Bidding Invitation and will be used to satisfy part of the consideration for the acquisition of the entire equity interest of Shou Lian Supermarket

Tender period 8 November 2010 to 3 December 2010 (if no application is received after the expiry of the tender period, the tender period will be continuously extended by five business days without any change in the terms of the Bidding Invitation)

## **Bidding procedure**

According to the announcement of the China Beijing Equity Exchange (北京產權交易所) for the Bidding Invitation, bid applications for the Bidding Invitation can be submitted during the tender period as set out in the paragraph headed "The Bidding Invitation" above. After the Interested Party having submitted the bid application for the Bidding Invitation and its qualification having been approved, such qualified Interested Party will be informed by the China Beijing Equity Exchange (北京產權交易所) for the payment of the Deposit.

If there is only one qualified Interest Party, then after the payment of the Deposit, the formal sale and purchase agreement will be entered into between the Vendor and such qualified Interest Party for the acquisition of the entire equity interest of Shou Lian Supermarket.

If there are two or more qualified Interested Parties, those qualified Interested Parties will participate in the bidding process via the internet after having paid the Deposit, and the qualified Interested Party who wins the bidding process will enter into the formal sale and purchase agreement with the Vendor for the acquisition of the entire equity interest of Shou Lian Supermarket.

## **Information on Shou Lian Supermarket**

Shou Lian Supermarket is a state-owned enterprise incorporated in the PRC. Shou Lian Supermarket and its subsidiaries are principally engaged in the operation of one hypermarket and 20 supermarkets in Beijing. All such hypermarket and supermarkets have joined the Company's franchise arrangements (being one of the Company's business models, further details of which were set out in the Company's prospectus dated 12 September 2006, introduction document dated 29 June 2007 and annual reports) and operate under the Group's "京客隆" brand name, and they also benefit from the centralised procurement and distribution systems operated by the Group.

## **FORMATION OF THE JV COMPANY**

On 27 July 2010, the Company and Shou Lian entered into the Cooperation JV Agreement to establish the JV Company (which was set up on 30 July 2010) with a registered capital of RMB300 million. The registered capital of the JV Company is held as to 14% and 86% by the Company and Shou Lian, respectively. Certain principal terms of the Cooperation JV Agreement are set out below:

## **The Cooperation JV Agreement**

**Date** 27 July 2010

**Parties** (i) Shou Lian  
(ii) The Company

**Business scope** The scope of business of the JV Company includes, among other things, sale of grocery products and leasing of properties.

**Capital structure** The registered capital of the JV Company of RMB300,000,000 shall be contributed as to:

(i) 14% by the Company by the cash payment of RMB42,000,000; and

(ii) 86% by Shou Lian by the injection of the Properties in an aggregate value of RMB197,674,400 and cash payment of RMB60,325,600.

**Share of interest** The interest, risk and loss of the JV Company shall be shared by the parties in proportional to their respective capital contributions to the registered capital of the JV Company.

## **Information on the JV Company and the Properties**

The JV Company has been established in the PRC on 30 July 2010 with the registered capital of RMB 300 million which has been fully paid up. The JV Company is principally engaged in the leasing of the Properties to Shou Lian Supermarket for the operation of its supermarkets.

The Properties comprise four parcels of land with 14 buildings erected thereon. These four parcels of land are located at (i) No. 80 Xinqiao Street, Mentougou District (門頭溝區新橋大街80號); (ii) No. 84, 86 Xinqiao Street, Mentougou District (門頭溝區新橋大街84, 86號); (iii) No. 1 West of Jinding Street, Shijingshan District (石景山區金頂街西口1號); and (iv) No. 1 Gucheng East Street, Shijingshan District (石景山區古城東街星座超市1號) respectively, and the 14 buildings erected thereon are in an aggregate gross floor areas of approximately 17,266.6 square metres.

## **Reasons for establishing the JV Company**

The Properties held by the JV Company are leased to Shou Lian Supermarket for the operation of its supermarkets. As referred to in the section headed "Proposed Acquisition – Information on Shou Lian Supermarket" above, Shou Lian Supermarket's network of one hypermarket and 20

supermarkets have joined the Company's franchise arrangements and are operated under the Group's "京客隆" brand name. Having principally considered the strategic business alignment relationship with Shou Lian Supermarket in respect of its network of hypermarket and supermarkets, the Directors are of the view that the formation of the JV Company is fair and reasonable so far as the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Shou Lian is a state-owned enterprise. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shou Lian and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATION**

The Company's bid application for the Bidding Invitation may or may not lead to the entering into of the formal sale and purchase agreement for the acquisition of the entire equity interest of Shou Lian Supermarket. In the event that the Company's bid is successful, the acquisition of the entire equity interest of Shou Lian Supermarket and the Company's 14% share of the capital contribution to the JV Company, in aggregate, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made in respect thereof as and when necessary as stipulated under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

<b>"Board"</b>	the board of Directors
<b>"Bidding Invitation"</b>	the bidding for the entire equity interest of Shou Lian Supermarket as invited and held by China Beijing Equity Exchange (北京產權交易所)
<b>"Company"</b>	北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited*) (stock code: 814), a joint stock limited company incorporated in the PRC and the H Shares of which are listed on the Main Board of the Stock Exchange
<b>"connected person(s)"</b>	has the meaning ascribed to it in the Listing Rules
<b>"Cooperation JV"</b>	the cooperation joint venture agreement dated 27 July 2010

<b>Agreement”</b>	entered into between the Company and Shou Lian in relation to the formation of the JV Company
<b>“Deposit”</b>	the deposit in the amount of RMB24,230,000 for the Bidding Invitation payable after the qualification of the Interested Party has been approved
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Interested Party”</b>	a party/entity who submits a bid application for the Bidding Invitation
<b>“JV Company”</b>	北京京超商業有限公司 (Beijing Jing Chao Company Limited*), a joint venture company established in the PRC pursuant to the terms and conditions of the Cooperation JV Agreement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Properties”</b>	four parcels of land located at (i) No. 80 Xinqiao Street, Mentougou District (門頭溝區新橋大街 80 號); (ii) No. 84, 86 Xinqiao Street, Mentougou District (門頭溝區新橋大街 84, 86 號); (iii) No. 1 West of Jinding Street, Shijingshan District (石景山區金頂街西口 1 號); and (iv) No. 1 Gucheng East Street, Shijingshan District (石景山區古城東街星座超市 1 號) and the 14 buildings erected thereon
<b>“Shareholder(s)”</b>	holder(s) of the issued shares of the Company
<b>“Shou Lian” or “Vendor”</b>	北京首聯商業集團有限公司 (Beijing Shou Lian Trading Company Limited*), a state-owned enterprise established in the PRC

<b>“Shou Lian Supermarket”</b>	北京首聯超市有限公司 (Beijing Shou Lian Supermarket Company Limited*), a state-owned enterprise established in the PRC
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“%”</b>	per cent

By Order of the Board

Beijing Jingkelong Company Limited\*

*Wei Tingzhan*

*Chairman*

Beijing, the PRC

3 December 2010

*As at the date of this announcement, the executive directors of the Company are Mr. Wei Tingzhan, Mr. Li Jianwen, Ms. Li Chunyan and Mr. Liu Yuejin; the non-executive directors are Mr. Gu Hanlin and Mr. Li Shunxiang; and the independent non-executive directors are Mr. Wang Liping, Mr. Chen Liping and Mr. Choi Onward.*

*\*for identification purpose only*