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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)

DISCLOSEABLE TRANSACTION

IN RELATION TO

THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF SHOU LIAN SUPERMARKET AND THE FORMATION OF THE JV COMPANY

Financial adviser to the Company



Deloitte & Touche Corporate Finance Ltd.

Reference is made to the Announcement of the Company dated 3 December 2010 in relation to a possible discloseable transaction of the Company, being the proposed acquisition of the entire equity interest of Shou Lian Supermarket and the formation of the JV Company.

The Board is pleased to announce that the Company made a successful bid for the Bidding Invitation and the Acquisition Agreement in relation to the acquisition of the entire equity interest of Shou Lian Supermarket has been entered into between Shou Lian and the Company on 14 December 2010.

As certain applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the Acquisition and the formation of the JV Company, in aggregate, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 3 December 2010 (the “**Announcement**”) in relation to a possible discloseable transaction of the Company, being the proposed acquisition of the entire equity interest of Shou Lian Supermarket and the formation of the JV Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise specified herein.

The Board is pleased to announce that the Company made a successful bid for the Bidding Invitation and the sale and purchase agreement in relation to the acquisition (the “**Acquisition**”) of the entire equity interest of Shou Lian Supermarket has been entered into between Shou Lian and the Company on 14 December 2010 (the “**Acquisition Agreement**”).

ACQUISITION AGREEMENT

Date

14 December 2010

Parties

(i) Vendor: Shou Lian (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 connected persons of the Company.)

(ii) Purchaser: The Company

Assets to be acquired

The entire equity interest of Shou Lian Supermarket

Consideration

Pursuant to the Acquisition Agreement, the total consideration for the Acquisition is RMB121,160,000 which shall be satisfied:

- (i) as to RMB24,230,000 by the Deposit paid on 8 December 2010; and
- (ii) as to the remaining RMB96,930,000 by setting off an amount due from Shou Lian to the same extent (representing trade receivables arising from the Shou Lian Group).

The consideration was the minimum price stipulated by Shou Lian under the Bidding Invitation.

Conditions precedent

The transfer of the equity interest of Shou Lian Supermarket pursuant to the Acquisition Agreement shall be conditional upon the satisfaction of the following conditions:

- (i) Shou Lian having completed the approval procedures for the enterprise employees placement plan (企業職工安置方案) of Shou Lian Supermarket, which specifies the placement arrangement of Shou Lian Supermarket's employees after the transfer of the equity interest of Shou Lian Supermarket;
- (ii) the bidding procedures under the Bidding Invitation held by the China Beijing Equity Exchange (北京產權交易所) having been completed by Shou Lian in accordance with the provisions of the relevant laws, regulations and policies; and
- (iii) all necessary approvals and authorisations in respect of the transfer of the entire equity interest of Shou Lian Supermarket under the Acquisition Agreement having been obtained in accordance with the relevant laws and the Company's articles of associations.

As at the date of this announcement, all conditions precedent set out above have been satisfied.

Shou Lian shall procure Shou Lian Supermarket to proceed with the registration of the change of the equity interest of Shou Lian Supermarket at relevant authority, with the assistance of the Company, within ten business days after the relevant equity transfer certificate issued by China Beijing Equity Exchange (北京產權交易所) has been obtained. The transfer of the equity interest of Shou Lian Supermarket pursuant to the Acquisition Agreement shall be deemed to be completed on the date on which the new business license of Shou Lian Supermarket is issued by the relevant authority after completion of relevant registration procedures in respect of the change of the equity interest of Shou Lian Supermarket.

INFORMATION ON SHOU LIAN SUPERMARKET

Shou Lian Supermarket is a state-owned enterprise incorporated in the PRC on 6 June 2008. Shou Lian Supermarket and its subsidiaries are principally engaged in the operation of one hypermarket and 20 supermarkets in Beijing. As at the date of this announcement, Shou Lian Supermarket and its subsidiaries own 20 supermarkets, each with net operating area ranging from 470 square metres to 3,640 square metres, and 1 hypermarket with net operating area of approximately 7,300 square metres. 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.

Set out below is a summary of the consolidated financial information of Shou Lian Supermarket for two financial years ended 31 December 2009, which were prepared in accordance with the PRC generally accepted accounting principles:

	Year ended 31 December 2008 (audited)	Year ended 31 December 2009 (audited)
	RMB'000	RMB'000
Revenue	-	414,199.3
Loss before taxation	21.7	42,152.3
Loss after taxation	21.7	42,152.3

The unaudited consolidated net asset value of Shou Lian Supermarket was approximately RMB41.64 million as at 30 September 2010.

REASONS FOR THE ACQUISITION OF SHOU LIAN SUPERMARKET

The Group is principally engaged in the retail and wholesale distribution of daily consumer products in Beijing.

Shou Lian is a state-owned enterprise. Shou Lian and its subsidiaries (other than Shou Lian Supermarket and its subsidiaries) are principally engaged in property investment.

Shou Lian Supermarket currently owns 20 supermarkets and 1 hypermarket in Beijing. As set out in the section headed "Information on Shou Lian Supermarket" above, all such hypermarket and supermarkets of Shou Lian Supermarket have joined the Company's franchise arrangements and operate under the Group's "京客隆" brand name. Having considered that (i) the Acquisition can expand the retail network of the Group in Beijing; and (ii) all hypermarket and supermarkets of Shou Lian Supermarket are operated according to the standard of the Group's retail outlets and under the Group's brand name and are already supported by the Group's centralised procurement and distribution systems, which reduce the cost and time to integrate the operations of Shou Lian Supermarket with the Group's after the Acquisition, the Directors are of the view that the terms

of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As set out in the Announcement, 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.

As certain applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the Acquisition and the formation of the JV Company, in aggregate, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

By Order of the Board

Beijing Jingkelong Company Limited*

Wei Tingzhan

Chairman

Beijing, the PRC

14 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*