
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)

CONNECTED TRANSACTION

ACQUISITION OF 20% EQUITY INTEREST IN

JINGKELONG LANGFANG

On 12 January 2010, the Company entered into the Langfang Acquisition Agreement with China Fortune pursuant to which the Company agreed to acquire the Langfang Sale Shares from China Fortune at a consideration of RMB5,980,000. The Langfang Sale Shares represent 20% of the equity interest of Jingkelong Langfang, a 80% directly owned subsidiary of the Company. Upon completion of the Acquisition, Jingkelong Langfang will be wholly owned by the Company.

China Fortune is a substantial shareholder of Jingkelong Langfang up to the completion of the Acquisition and thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios for the Acquisition is over 0.1% but less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

THE LANGFANG ACQUISITION AGREEMENT

The principal terms of the Langfang Acquisition Agreement are set out below:

Date

12 January 2010

Parties

Purchaser: The Company

Seller: China Fortune

Assets acquired

Langfang Sale Shares

Completion

Completion of the Acquisition shall take place on the date of the execution of the Langfang Acquisition Agreement.

Consideration

The total consideration of the Acquisition is RMB5,980,000 which was determined after arm's length negotiations between the Company and China Fortune with reference to 20% of the unaudited net asset value of Jingkelong Langfang as at 31 December 2009 prepared in accordance with the accounting principles generally accepted in Hong Kong and assessment of other companies engaged in the similar business of Jingkelong Langfang in the PRC. The consideration will be satisfied in cash by the internal resources of the Company and payable in full to China Fortune after the execution of the Langfang Acquisition Agreement.

INFORMATION OF JINGKELONG LANGFANG

Jingkelong Langfang was established in the PRC on 26 April 2000 as a limited liability company with a paid-up capital of RMB10,000,000. Jingkelong Langfang is principally engaged in the retail of daily consumer products and is currently operating 1 hypermarket, 3 supermarkets and 4 convenience stores. Prior to the completion of the Acquisition, Jingkelong Langfang is held as to 80% by the Company and 20% by China Fortune. China Fortune acquired the said 20% equity interest, being the Langfang Sale Shares, at a consideration of RMB2,000,000 at the establishment of Jingkelong Langfang. China Fortune is principally engaged in property development. Upon completion of the Acquisition, Jingkelong Langfang will be wholly owned by the Company.

Financial information

The unaudited net profit before and after taxation of Jingkelong Langfang for each of the two years ended 31 December 2009, prepared in accordance with the accounting principles generally accepted in Hong Kong, were as follows:

	For the year ended 31 December	
	2008	2009
	RMB'000	RMB'000
Unaudited net profit before taxation	<u>3,552</u>	<u>3,002</u>
Unaudited net profit after taxation	<u>2,184</u>	<u>2,207</u>

The unaudited net asset value of Jingkelong Langfang as at 31 December 2009 prepared in accordance with the accounting principles generally accepted in Hong Kong was approximately RMB14,094,000.

The unaudited net profit before and after taxation attributable to the Langfang Sale Shares for each of the two years ended 31 December 2009, prepared in accordance with the accounting principles generally accepted in Hong Kong, were as follows:

	For the year ended 31 December	
	2008	2009
	RMB'000	RMB'000
Unaudited net profit before taxation	<u>710</u>	<u>600</u>
Unaudited net profit after taxation	<u>437</u>	<u>441</u>

The unaudited net asset value of the Langfang Sale Shares as at 31 December 2009 prepared in accordance with the accounting principles generally accepted in Hong Kong was approximately RMB2,818,800.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is of the view that there is a foreseeable growth potential in the retail business conducted by Jingkelong Langfang. The Acquisition enables the Company to increase its equity interest in Jingkelong Langfang and is in line with the expansion strategy of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

China Fortune, being holder of 20% of the equity interest of Jingkelong Langfang, is a substantial shareholder of Jingkelong Langfang up to the completion of the Acquisition and thus a connected person of the Company. Hence, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios as set out in the Listing Rules in relation to the Acquisition is over 0.1% but less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules, and is exempt from the independent shareholders' approval requirement under Chapter 14A the Listing Rules.

INFORMATION OF THE GROUP

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Langfang Sale Shares as contemplated under the Langfang Acquisition Agreement
“Board”	the board of directors of the Company
“China Fortune”	華夏幸福基業股份有限公司 (China Fortune Land Development Co., Ltd.*) (formerly known as 廊坊市華夏房地產開發有限公司(Langfang City Huaxia Real Estate Development Company Limited*)) which owns the Langfang Sale Shares up to the completion of the Acquisition
“Company”	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 PRC, the H shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Greater Beijing Region”	the region covering the whole Beijing city and certain parts of its periphery
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and trade in HK\$ and listed on the Stock Exchange
“Jingkelong Langfang”	北京京客隆(廊坊)有限公司 (Beijing Jingkelong (Langfang) Company Limited*), a limited liability company established in the PRC on 26 April 2000 and a 80% directly owned subsidiary of the Company before the completion of the Acquisition
“Langfang Acquisition Agreement”	the sale and purchase agreement dated 12 January 2010 entered into between China Fortune as seller and the Company as purchaser in relation to the sale of the Langfang Sale Shares
“Langfang Sale Shares”	20% of the equity interest of Jingkelong Langfang owned by China Fortune until the completion of the Acquisition
“Listing Rules” or “Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
Beijing Jingkelong Company Limited*
Wei Tingzhan
Chairman

Beijing, the PRC
12 January 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. Fan Faming, Mr. Huang Jiangming and Mr. Chung Chi Kong.

** For identification purpose only*