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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)**

## **CONNECTED TRANSACTION**

### **ACQUISITION OF 20% EQUITY INTEREST IN**

### **CHAOPI ZHONGDE**

On 15 October 2009, Chaopi Trading, an approximately 79.85% directly owned subsidiary of the Company, entered into the Zhongde Acquisition Agreement with Mr. Wu pursuant to which Chaopi Trading agreed to acquire the Zhongde Sale Shares from Mr. Wu at a consideration of RMB5,980,000. The Zhongde Sale Shares represent 20% of the equity interest of Chaopi Zhongde, a 80% directly owned subsidiary of Chaopi Trading. Upon completion of the said Acquisition, Chaopi Zhongde will become an approximately 79.85% indirectly owned subsidiary of the Company.

Mr. Wu is the owner of the entire equity interest of Beijing Gaoya, which is a promoter of the Company. Accordingly, Mr. Wu, being an associate of Beijing Gaoya, is a connected person of the Company and the Acquisition constitutes a connected transaction of the Group 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.

Prior to the completion of the Acquisition, Chaopi Zhongde is a connected person of

the Company in accordance with Chapter 14A of the Listing Rules. Following the completion of the Acquisition, Chaopi Zhongde will cease to be a connected person of the Company. Accordingly, the supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group and the provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde as set out in the Circular will no longer constitute continuing connected transactions of the Group in accordance with Chapter 14A of the Listing Rules and the proposed annual caps set out therein will no longer apply upon completion of the Acquisition.

## **THE ZHONGDE ACQUISITION AGREEMENT**

The details of the Zhongde Acquisition Agreement are set out below:

### **Date**

15 October 2009

### **Parties**

Purchaser: Chaopi Trading

Seller: Mr. Wu

### **Assets acquired**

Zhongde Sale Shares

### **Completion**

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

### **Consideration**

The total consideration of the Acquisition is RMB5,980,000 and was determined after arm's length negotiations between Chaopi Trading and Mr. Wu with reference to 20% of the unaudited net asset value of Chaopi Zhongde as at 30 June 2009 prepared in accordance with the accounting principles generally accepted in Hong Kong. The consideration will be satisfied in cash by the internal resources of the Group and payable in full to Mr. Wu after the execution of the Zhongde Acquisition Agreement.

## INFORMATION OF CHAOPI ZHONGDE

Chaopi Zhongde was incorporated in the PRC on 7 February 2007 as a limited liability company with a registered capital of RMB28,000,000, and is principally engaged in the wholesale distribution of general merchandise which mainly includes consumer sanitary products. Prior to completion of the Acquisition, Chaopi Zhongde is held as to 80% by Chaopi Trading, an approximately 79.85% directly owned subsidiary of the Company, and 20% by Mr. Wu. Mr. Wu acquired the said 20% equity interest, being the Zhongde Sale Shares, at the consideration of RMB5,600,000. Upon the completion of the Acquisition, Chaopi Zhongde will become a wholly-owned subsidiary of Chaopi Trading and, accordingly, an approximately 79.85% indirectly owned subsidiary of the Company.

### Financial information

The unaudited net profit/(loss) before and after taxation of Chaopi Zhongde for (i) the period from 7 February 2007 (date of incorporation of Chaopi Zhongde) to 31 December 2007, and (ii) the year ended 31 December 2008, prepared in accordance with the accounting principles generally accepted in Hong Kong, were as follows:

	<b>7 February 2007 (date of incorporation) to 31 December 2007 RMB'000</b>	<b>For the year ended 31 December 2008 RMB'000</b>
Unaudited net profit before taxation	<u>920</u>	<u>3,381</u>
Unaudited net profit/(loss) after taxation	<u>(84)</u>	<u>2,178</u>

The unaudited net asset value of Chaopi Zhongde as at 30 June 2009 prepared in accordance with the accounting principles generally accepted in Hong Kong was approximately RMB29,899,000.

The unaudited net profit/(loss) before and after taxation attributable to the Zhongde Sale Shares for (i) the period from 7 February 2007 (date of incorporation of Chaopi Zhongde) to 31 December 2007, and (ii) the year ended 31 December 2008, prepared in accordance with the accounting principles generally accepted in Hong Kong, were as follows:

	<b>7 February 2007 (date of incorporation) to 31 December 2007 RMB'000</b>	<b>For the year ended 31 December 2008 RMB'000</b>
Unaudited net profit before taxation	<u>184</u>	<u>676</u>
Unaudited net profit/(loss) after taxation	<u>(17)</u>	<u>436</u>

The unaudited net asset value of the Zhongde Sale Shares as at 30 June 2009 prepared in accordance with the accounting principles generally accepted in Hong Kong was approximately RMB5,980,000.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is of the view that there is a foreseeable growth potential in the wholesale business conducted by Chaopi Zhongde. The Acquisition enables the Group to increase its equity interest in Chaopi Zhongde 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**

Mr. Wu is the owner of the entire equity interest of Beijing Gaoya, which is a promoter of the Company. Accordingly, Mr. Wu, being an associate of Beijing Gaoya, is a connected person of the Company and the Acquisition constitutes a connected transaction of the Group 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.

Prior to the completion of the Acquisition, Chaopi Zhongde is a connected person of the Company in accordance with Chapter 14A of the Listing Rules. Upon the

completion of the Acquisition, Chaopi Zhongde will cease to be a connected person of the Company. Accordingly, the supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group and the provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde as set out in the Circular will no longer constitute continuing connected transactions of the Group in accordance with Chapter 14A of the Listing Rules and the proposed annual caps set out therein will no longer apply upon the completion of the Acquisition.

## **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 the retail distribution of daily consumer products in the Greater Beijing Region. Chaopi Trading is principally engaged in the wholesale 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 Zhongde Sale Shares as contemplated under the Zhongde Acquisition Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Gaoya”	北京高雅華立科貿有限公司 (Beijing Gaoya Huali Kemao Company Limited*), a company incorporated in the PRC and is one of the Company’s promoters
“Board”	the board of directors of the Company
“Chaopi Trading”	北京朝批商貿有限公司 (Beijing Chaopi Trading Company Limited*), a limited liability company incorporated in the PRC on 31 May 2002 and an approximately 79.85% directly owned subsidiary of the Company

“Chaopi Zhongde”	北京朝批中得商貿有限公司 (Beijing Chaopi Zhongde Trading Company Limited*), a limited liability company incorporated in the PRC on 7 February 2007 and a 80% directly owned subsidiary of Chaopi Trading before the completion of the Acquisition
“Chaopi Zhongde Products”	has the meaning ascribed to it under the section headed “III. Continuing Connected Transactions – 1. Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group” in the Circular
“Circular”	the circular dated 2 April 2009 issued by the Company in relation to the continuing connected transactions between the Group and Chaopi Zhongde
“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 traded in HK\$ and listed on the Stock Exchange

“Listing Rules” or “Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Shaohua (吳少華), who owns (i) approximately 1.26% of the shares of the Company, (ii) the entire equity interest of Beijing Gaoya and (iii) the Zhongde Sale Shares until the completion of the Acquisition
“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
“Zhongde Acquisition Agreement”	the sale and purchase agreement dated 15 October 2009 entered into between Mr. Wu as seller and Chaopi Trading as purchaser in relation to the sale of the Zhongde Sale Shares
“Zhongde Sale Shares”	20% of the equity interest of Chaopi Zhongde owned by Mr. Wu until completion of the Acquisition
“%”	per cent

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

Beijing, the PRC  
15 October 2009

*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*