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北京京客隆商业集团股份有限公司

**BEIJING JINGKELONG COMPANY LIMITED\*\***

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

**(Stock Code: 814)**

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to the interim results announcement (the “**Interim Results Announcement**”) in relation to the results of the Company and its subsidiaries during the six months ended 30 June 2011 dated 24 August 2012 of Beijing Jingkelong Company Limited (the “**Company**”). Unless defined otherwise, terms used herein shall have the same meanings as those defined in the said Interim Results Announcement.

The board of directors (the “**Board**”) of the Company would like to clarify on the Interim Results Announcement as follows:

### **CLASSIFICATION OF BANK OVERDRAFT**

Pursuant to the banking facilities agreement with HSBC (China) Company Limited Beijing Branch, the Company was entitled to a bank overdraft facility of a maximum amount of RMB 60,000,000. As at 30 June 2012, the Company had a bank overdraft balance of RMB 29,971,000. The bank overdraft balance was included under cash and cash equivalents in the Interim Result Announcement. The bank overdraft does not satisfy the definition of cash and cash equivalent under HKAS 7 Statement of Cash Flows.

**Accordingly, the section headed “Condensed Consolidated Statement of Financial Position” in page 4 to 5 of the Interim Results Announcement should be replaced by the following in entirety, with the adjustments set out below and the amended figures marked with asterisk (“\*”) signs:**

**Condensed Consolidated Statement of Financial Position**  
*At 30 June 2012*

		2012		2011	
	Notes	30 June Original figure RMB'000 (Unaudited)	Adjusted figure RMB'000	30 June After Adjustment RMB'000 (Unaudited)	31 December RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		1,858,751	-	1,858,751	1,828,542
Investment properties		32,018	-	32,018	33,001
Prepaid lease payments		230,238	-	230,238	233,511
Goodwill		86,674	-	86,674	86,674
Intangible assets		12,101	-	12,101	11,467
Available-for-sale investments		7,538	-	7,538	6,314
Rental deposit		7,350	-	7,350	7,945
Deferred tax assets		17,024	-	17,024	18,720
Other long term lease prepayments		54,490	-	54,490	55,441
<b>Total non-current assets</b>		<b>2,306,184</b>	<b>-</b>	<b>2,306,184</b>	<b>2,281,615</b>
<b>CURRENT ASSETS</b>					
Inventories		1,254,022	-	1,254,022	1,416,806
Trade receivables	11	1,131,988	-	1,131,988	1,358,876
Prepayments, deposits and other receivables		720,790	-	720,790	653,198
Pledged deposits		12,810	-	12,810	36,351
Cash and cash equivalents		468,199	29,971	498,170*	580,655
<b>Total current assets</b>		<b>3,587,809</b>	<b>29,971</b>	<b>3,617,780*</b>	<b>4,045,886</b>
<b>CURRENT LIABILITIES</b>					
Trade and bills payables	12	919,742	-	919,742	1,323,527
Debentures		299,800	-	299,800	299,200
Tax payable		7,432	-	7,432	13,578
Other payables and accruals		629,571	-	629,571	659,766
Interest-bearing bank loans and bank overdraft	13	2,014,564	29,971	2,044,535*	1,911,519
Deferred income - current portion		1,045	-	1,045	2,754
<b>Total current liabilities</b>		<b>3,872,154</b>	<b>29,971</b>	<b>3,902,125*</b>	<b>4,210,344</b>

	Note	30 June Original figure RMB'000 (Unaudited)	2012 Adjusted figure RMB'000	30 June After Adjustment RMB'000 (Unaudited)	2011 31 December RMB'000 (Audited)
<b>NET CURRENT LIABILITIES</b>		<u>(284,345)</u>	<u>-</u>	<u>(284,345)</u>	<u>(164,458)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,021,839</u>	<u>-</u>	<u>2,021,839</u>	<u>2,117,157</u>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing bank loans	13	110,000	-	110,000	200,000
Deferred income		2,000	-	2,000	2,131
Deferred tax liabilities		11,321	-	11,321	11,476
Other liabilities		<u>12,465</u>	<u>-</u>	<u>12,465</u>	<u>11,433</u>
<b>Total non-current liabilities</b>		<u>135,786</u>	<u>-</u>	<u>135,786</u>	<u>225,040</u>
<b>NET ASSETS</b>		<u>1,886,053</u>	<u>-</u>	<u>1,886,053</u>	<u>1,892,117</u>
<b>CAPITAL AND RESERVES</b>					
Issued capital		412,220	-	412,220	412,220
Reserves		1,203,757	-	1,203,757	1,125,207
Proposed final dividend		<u>-</u>	<u>-</u>	<u>-</u>	<u>82,444</u>
<b>Equity attributable to owners of the parent</b>		<u>1,615,977</u>	<u>-</u>	<u>1,615,977</u>	<u>1,619,871</u>
<b>Non-controlling interests</b>		<u>270,076</u>	<u>-</u>	<u>270,076</u>	<u>272,246</u>
<b>Total equity</b>		<u>1,886,053</u>	<u>-</u>	<u>1,886,053</u>	<u>1,892,117</u>

**Corresponding to the above amendments of the Condensed Consolidated Statement of Financial Position, the first paragraph of the section headed “Interest– bearing bank loans” of note 13 in page 12 of the Interim Results Announcement should be amended accordingly and replaced by the following in entirety, with the amended text underlined:**

**"INTEREST- BEARING BANK LOANS AND BANK OVERDRAFT"**

During the current interim period, the Group obtained new bank loans and bank overdraft amounting to RMB1,756 million (six months ended 30 June 2011: RMB1,823 million ) and repaid bank loans amounting to RMB1,713 million (six months ended 30 June 2011: RMB1,551 million)."

**Corresponding to the above amendments of the Condensed Consolidated Statement of Financial Position, the section headed “Profit attributable to owners of the parent” in page 20 to 21 of the Interim Results Announcement should be amended accordingly and replaced by the following in entirety, with the amended text underlined:**

**“Profit attributable to owners of the parent**

During the Reporting Period, profit attributable to owners of the parent decreased by approximately 24.6% compared with last corresponding period. Because the increased gross profit and other income due to increased sales increase of approximately RMB133,181,000, selling and distribution costs, administrative expenses and other expenses increase of approximately RMB132,175,000 , and the increase of costs including labour cost, rental and utilities cost, which partially offset the increase in gross profit and other income, and so the operating profit amounted approximately RMB222,072,000, increase of approximately RMB1,006,000 compared with last corresponding period. Moreover, finance cost was rising due to macroeconomic policy turn to lift the interest rate. The average borrowing rate was raised from 4.72% in last corresponding period of 2011 to 6.39% in the first half of 2012. The loan amount is approximately unchanged with last corresponding period, but the finance cost rose from approximately RMB 53,522,000 of last corresponding period to approximately RMB 79,433,000, increased of approximately RMB 25,911,000, and the rate of increased is

48.4% compared with last corresponding period. As a result, profit before tax decreased from approximately RMB 167,544,000 of last corresponding period to approximately RMB 142,639,000, and the profit attributable to owners of the parent decreased from approximately RMB 102,968,000 of last corresponding period to approximately RMB 77,632,000.”

**Corresponding to the above amendments of the Condensed Consolidated Statement of Financial Position, the section headed “Liquidity, financial resources and capital structure” in page 21 of the Interim Results Announcement should be amended accordingly and replaced by the following in entirety, with the amended text underlined:**

#### **"LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the Reporting Period, the Group mainly financed its operations through internally generated cash flows and bank borrowings.

As at 30 June 2012, the Group had non-current assets of approximately RMB 2,306,184,000 (comprising mainly property, plant and equipment of approximately RMB 1,858,751,000), and non-current liabilities of RMB 135,786,000 (comprising mainly interest-bearing bank loans of approximately RMB 110,000,000).

As at 30 June 2012, the Group had current assets of approximately RMB 3,617,780,000. Current assets mainly comprised of cash and cash equivalents of approximately RMB 498,170,000, inventories of approximately RMB 1,254,022,000, trade receivables of approximately RMB 1,131,988,000 and prepayments and deposits of approximately RMB 720,790,000. The Group had current liabilities of approximately RMB 3,902,125,000. Current liabilities mainly comprised of trade and bills payables of approximately RMB 919,742,000, interest-bearing bank loans and bank overdraft of approximately RMB 2,044,535,000 and other payables and accruals of approximately RMB 629,571,000."

**Corresponding to the above amendments of the Condensed Consolidated Statement of Financial Position, the section headed “Indebtedness and pledge of assets” in page 21 to 22 of the Interim Results Announcement should be amended accordingly and replaced by the following in entirety, with the amended text underlined:**

#### **"INDEBTEDNESS AND PLEDGE OF ASSETS**

As at 30 June 2012, the Group had bank loans and bank overdraft of approximately RMB 2,154,535,000, which consisted of secured bank loans of approximately RMB 200,000,000, unsecured bank loans and bank overdraft of approximately RMB 1,954,535,000. All the Group's bank loans bear interest rates ranging from 5.4% to 7.2% per annum. The secured bank loans were secured by certain of the Group's buildings, investment properties and lease prepayments for land use rights with an aggregate net book value of approximately RMB 57,200,000 respectively."

Certain of the Group's deposits of approximately RMB 12,810,000 were pledged for bills payable of approximately RMB 64,100,000 as at 30 June 2012.

The Group's gearing ratio\* was approximately 68.16% as at 30 June 2012, which remains approximately unchanged than 68.84% in the previous corresponding period.

\* Represented by: Total Debt / Total Asset

This announcement is supplemental to and should be read in conjunction with the Interim Results Announcement.

Except as stated above, all other information contained in the Interim Results Announcement remains unchanged.

The Board confirms that the above clarifications do not affect other information contained in the Interim Results Announcement.

By Order of the Board  
Beijing Jingkelong Company Limited  
Company Secretary  
Li Bo

Beijing, the PRC  
10 September 2012

*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*