北京京客隆
商业集团股份有限公司
BEIJING JINGKELONG COMPANY LIMITED

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of Beijing Jingkelong Company Limited (the "Company" or "Jingkelong") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 (the "Reporting Period").

According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" which was published by The Stock Exchange of Hong Kong Limited in December 2010, Mainland audit firms approved by the Ministry of Finance of China ("MOF") and China Securities Regulatory Commission ("CSRC") can apply the accounting policies in the Mainland when providing services to Mainland incorporated issuers which are listed in Hong Kong. As such, in the 2012 annual general meeting of the Company held on 28 May 2013, the appointment of Deloitte Touche Tohmatsu CPA LLP as the auditors of the Company was considered and approved. After the said appointment, Deloitte Touche Tohmatsu CPA LLP became the only auditor of the Company auditing the Company's financial statements in accordance with China Auditing Standards. The financial statements contained in this announcement were prepared in accordance with China Accounting Standards. Also, the Group has early applied of new or revised Accounting Standards of Business Enterprises ("ASBE") including *ASBE 9-Employee Benefits, ASBE 30-Financial Statements Presentation, ASBE 33-Consolidated Financial Statements, ASBE 39-Fair Value Measurement, ASBE 40-Joint Arrangements and ASBE 2-Long-term Equity Investments* (collectively referred to as "new or revised ASBE") issued by the MOF from January to March 2014. In the opinion of the Company, the adoption of new or revised ASBE is not expected to have material impact on the consolidated financial statements of the Group.

(Important notice: This announcement is published in Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.)

* *For identification purpose only*

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS

	Note	**2013.12.31**	2012.12.31
		RMB	*RMB*
Current Assets:			
Cash and bank balances		**601,588,771**	465,268,591
Accounts receivable	*3*	**1,658,164,932**	1,399,046,174
Prepayments		**550,729,655**	407,513,831
Other receivables		**129,135,310**	97,929,540
Inventories		**1,481,250,484**	1,535,945,684
Other current assets		**247,122,377**	231,554,010
Total Current Assets		**4,667,991,529**	4,137,257,830
Non-current Assets:			
Available-for-sale financial assets		**3,860,000**	8,332,000
Investment properties		**128,243,912**	107,081,052
Fixed assets		**1,279,327,711**	1,185,622,309
Construction in progress		**94,067,053**	163,391,925
Intangible assets		**197,500,316**	196,600,805
Goodwill		**86,673,788**	86,673,788
Long-term prepaid expenses		**565,226,236**	599,225,992
Deferred tax assets		**20,478,748**	16,542,792
Other non-current assets		**106,689,056**	13,780,628
Total Non-current Assets		**2,482,066,820**	2,377,251,291
TOTAL ASSETS		**7,150,058,349**	6,514,509,121

	Note	**2013.12.31**	2012.12.31
		RMB	*RMB*
Current Liabilities:			
Short-term borrowings		**1,860,977,942**	2,337,706,849
Notes payable		**56,677,291**	20,791,692
Accounts payable	*4*	**1,138,958,035**	1,054,796,045
Advances from customers		**503,311,013**	466,999,477
Employee benefits payable		**3,128,350**	8,298,385
Dividends payable		**5,000**	4,000
Taxes payable		**25,866,834**	16,223,894
Other payables		**216,163,456**	155,181,904
Bonds payable		**199,979,167**	199,650,000
Long-term borrowings due within one year		**10,000,000**	–
Other current liabilities		**49,837,305**	28,196,939
Total Current Liabilities		**4,064,904,393**	4,287,849,185
Non-current Liabilities:			
Deferred tax liabilities		**9,727,229**	11,060,800
Bonds payable		**743,553,870**	–
Long-term borrowings		**234,000,000**	200,000,000
Provisions		**910,612**	–
Other non-current liabilities		**20,611,219**	15,551,326
Total Non-current Liabilities		**1,008,802,930**	226,612,126
TOTAL LIABILITIES		**5,073,707,323**	4,514,461,311

	Note	**2013.12.31**	2012.12.31
		RMB	*RMB*
SHAREHOLDERS' EQUITY:			
Share capital		**412,220,000**	412,220,000
Capital reserve		**613,424,939**	617,477,216
Surplus reserve		**129,500,819**	121,313,202
Undistributed profits	*5*	**499,634,209**	493,033,750
Total equity attributable to owners of the parent company		**1,654,779,967**	1,644,044,168
Non-controlling interests		**421,571,059**	356,003,642
TOTAL SHAREHOLDERS' EQUITY		**2,076,351,026**	2,000,047,810
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,150,058,349**	6,514,509,121

CONSOLIDATED INCOME STATEMENT

		Notes	**2013** **RMB**	2012 RMB
I.	Total operating income	6	**10,403,753,477**	9,831,275,750
	Less: Operating costs	6	**8,309,825,077**	7,826,352,943
	Business tax and surcharges		**67,021,690**	60,533,460
	Operating expenses		**1,484,512,031**	1,328,499,563
	Administrative expenses		**266,231,417**	265,792,069
	Financial expenses		**158,068,655**	154,217,524
	Impairment losses of assets		**1,337,228**	1,703,079
	Add: Investment income		**2,078,247**	806,279
II.	Operating profit		**118,835,626**	194,983,391
	Add: Non-operating income		**34,070,038**	38,855,166
	Less: Non-operating expenses		**9,420,616**	4,209,968
	Including: Losses from disposal of non-current assets		**3,297,069**	3,096,917
III.	Total profit		**143,485,048**	229,628,589
	Less: Income tax expenses	7	**43,168,935**	57,823,961
IV.	Net profit		**100,316,113**	171,804,628
	Net profit attributable to owners of the parent company		**57,055,711**	105,104,506
	Profit or loss attributable to non-controlling interests		**43,260,402**	66,700,122
V.	Earnings per share:			
	(I) Basic earnings per share	8	**0.14**	0.25
	(II) Diluted earnings per share	8	**N/A**	N/A
VI.	Other comprehensive income		**(3,354,000)**	1,513,500
	Items will be reclassified to profit or loss in subsequent accounting period if certain requirements are met			
	Net gains (losses) arising from available-for-sale financial assets		**(3,354,000)**	1,513,500
VII.	Total comprehensive income		**96,962,113**	173,318,128
	Total comprehensive income attributable to shareholders of the parent company		**53,701,711**	106,618,006
	Total comprehensive income attributable to non-controlling interests		**43,260,402**	66,700,122

Notes:

1. GENERAL INFORMATION

Beijing Jingkelong Company Limited (the "Company") is a joint stock limited company incorporated in the People's Republic of China (the "PRC"). On 1 November 2004, with the approval of the Beijing Administration for Industry and Commerce (北京市工商局), the Company was transformed from Beijing Jingkelong Supermarket Chain Group Limited (formerly known as "Beijing Jingkelong Supermarket Chain Company Limited") and the registered capital of the Company was RMB246,620,000. The Business License No. is 1100001231592. The registered office and the principal place of business of the Company are located at Block No. 45, Xinyuan Street, Chaoyang District, Beijing. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the retail and wholesale distribution of daily consumer products.

On 25 September 2006, the H shares issued by the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. On 26 February 2008, all the H shares were transferred to the Main Board for listed trading. The Company issued a total of 412,220,000 ordinary shares as at 31 December 2013.

The controlling shareholder of the Company is Beijing Chaoyang Auxiliary Food Company (the "Chaoyang Auxiliary"), an enterprise established in the PRC.

2. BASIS OF PREPARATION

The Group has adopted the Accounting Standards for Business Enterprises and its guidelines, interpretations and other related provisions (collectively referred to as "ASBE") issued by the Ministry of Finance ("MOF"), with earlier adoption of *ASBE 9 – Employee Benefits, ASBE 30 – Financial Statements Presentation, ASBE 33 – Consolidated Financial Statements, ASBE 39 – Fair Value Measurement, ASBE 40 – Joint Arrangements and ASBE 2 – Long-term Equity Investments*, which were issued by the MOF from January to March 2014. In addition, the Group also discloses relevant financial information required by the Companies Ordinance of Hong Kong and the Listing Rules of The Stock Exchange of Hong Kong Limited.

3. ACCOUNTS RECEIVABLE

The aging analysis of the accounts receivable based on the invoice date and net of allowance for doubtful debts, is as follows:

	31 December 2013 *RMB*	31 December 2012 *RMB*
Aging		
Within 1 year	**1,556,171,061**	1,308,233,109
1 to 2 years	**21,993,871**	10,813,065
2 to 3 years	**–**	80,000,000
3 to 4 years	**80,000,000**	–
Total	**1,658,164,932**	1,399,046,174

On 31 December 2013 and 31 December 2012, the Group had an amount of RMB80,000,000 due from Beijing Shoulian Trading Company Limited ("Shoulian Group") in its individually significant accounts receivable, and it was already overdue more than 3 months. In the opinion of the directors, no impairment is necessary on 31 December 2013 and 31 December 2012 in view of the following consideration: the accounts receivable bear interest at the rate stated below, and all the interest has been received in full. Moreover, one piece of land and related buildings situated in Beijing with a total value of not less than the overdue accounts receivable has been pledged in favor of the Company.

The Group normally allows a credit period of no more than 90 days to its customers. A longer credit period is granted to its major customers with 180 days. Accounts receivable bear no interest except the amount due from Shoulian Group which bears interest at a rate of 6.40% and 6.63% per annum in 2013 and 2012, respectively.

On 31 December 2013, the total accounts receivable due from Beijing Wu-mart Comprehensive Supermarket Co., Ltd., Auchan (China) Investment Co. Ltd., Beijing Carrefour Commercial Co. Ltd., and Beijing Lotus Supermarket Chain Store Co., Ltd. amounted to RMB206,767,979 (31 December 2012: RMB89,633,545) were limited by being factored to secure certain bank loans of the Group.

On 31 December 2013 and 31 December 2012, there was no accounts receivable due from shareholders holding 5% or more of the Company's shares with voting power.

4. ACCOUNTS PAYABLE

	31 December 2013 *RMB*	31 December 2012 *RMB*
Accounts payable	**1,138,958,035**	1,054,796,045

On 31 December 2013, the security deposit amounted to RMB700,000 (On 31 December 2012: Nil) was used for the issuance of domestic long-term letter of credit to pay back the accounts payable amounted to RMB3,000,384.

On 31 December 2013 and 31 December 2012, the accounts payable were consisted of procurement payable, among which there were no significant payables aging more than one year. There was no accounts payable due to shareholders holding 5% or more of the Company's shares with voting power.

5. UNDISTRIBUTED PROFITS

	Amount *RMB*	Proportion of appropriation
2013:		
Undistributed profits at the beginning of year	**493,033,750**	
Add: Net profits attributable to the shareholders of parent company for the year	**57,055,711**	
Less: Appropriation to statutory surplus reserve	**8,187,617**	**10%**
Sales of non-controlling interests	**1,045,635**	
Dividend payable to ordinary shareholders	**41,222,000**	
Undistributed profits at the end of the year	**499,634,209**	
2012:		
Undistributed profits at the beginning of year	477,717,215	
Add: Net profits attributable to the shareholders of parent company for the year	105,104,506	
Less: Appropriation to statutory surplus reserve	7,343,971	10%
Dividend payable to ordinary shareholders	82,444,000	
Undistributed profits at the end of the year	493,033,750	

(1) Appropriation to statutory surplus reserve

According to the provisions of the Company's articles, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

(2) Cash dividend approved in annual general meeting

On 28 May 2013, the aggregating dividends in cash of RMB41,222,000 in respect of year ended 31 December 2012 (RMB0.10 per share including withholding dividend tax) were declared to the shareholders of the Company as resolved by the general meeting.

On 28 May 2012, the aggregating dividends in cash of RMB82,444,000 in respect of year ended 31 December 2011 (RMB0.20 per share including withholding dividend tax) were declared to shareholders of the Company as resolved by the general meeting.

On 28 March 2014, the directors of the Company proposed the payment of a final dividend of RMB0.10 (including withholding dividend tax) per share to shareholders. The proposal of dividend distribution mentioned above is subject to the approval by the shareholders at Annual General Meeting of the Company. This recommendation has not been incorporated in the consolidated financial statements as a liability. The proposed dividend shall be paid to all the shareholders on the register of members on 9 June 2014. The estimated amount of dividends in aggregate is RMB 41,222,000.

6. REVENUE AND OPERATING COSTS

(1) Revenue and operating costs

	31 December 2013 *RMB*	31 December 2012 *RMB*
Principal operating income	**9,629,190,672**	9,205,359,750
Other operating income	**774,562,805**	625,916,000
Operating costs	**8,309,825,077**	7,826,352,943

(2) Principal operating income (classified by industry segments)

	2013		2012	
	Principal operating income *RMB*	**Principal operating costs** *RMB*	Principal operating income *RMB*	Principal operating costs *RMB*
Retail	**4,516,544,357**	**3,754,479,230**	4,574,310,078	3,836,613,308
Wholesale	**5,095,888,750**	**4,535,998,482**	4,607,069,608	3,966,840,690
Others	**16,757,565**	**13,362,756**	23,980,064	19,304,076
Total	**9,629,190,672**	**8,303,840,468**	9,205,359,750	7,822,758,074

The principal operating income is mainly consisted of selling food, non-staple food, daily consumer goods, beverage and wine, etc.

7. INCOME TAX EXPENSES

	2013 *RMB*	2012 *RMB*
Current income tax calculated according to tax laws and relevant requirements	**47,320,462**	56,565,077
Deferred income tax	**(4,151,527)**	1,258,884
Total	**43,168,935**	57,823,961

Reconciliation between income tax expenses and accounting profit is as follows:

	2013 *RMB*	2012 *RMB*
Accounting profit	**143,485,048**	229,628,589
Income tax expenses calculated at tax rate of 25%	**35,871,262**	57,407,147
Tax effect of non-deductible expenses	**3,088,252**	1,872,395
Tax effect of non-taxable income	**(1,297,195)**	(1,452,268)
Tax effect of using previously unrecognized deductible losses	**(56,341)**	(249,417)
Tax effect of unrecognized deductible losses and deductible temporary differences	**4,520,457**	246,104
Tax effect of related party borrowings deemed as interest income	**1,042,500**	–
Total	**43,168,935**	57,823,961

8. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

	2013 *RMB*	2012 *RMB*
Net profit for the current period attributable to ordinary shareholders	**57,055,711**	105,104,506
Including: Net profit from continuing operations	**57,055,711**	105,104,506

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

	2013	2012
Number of ordinary shares outstanding	**412,220,000**	412,220,000

Earnings per share

	2013	2012
	RMB	*RMB*
Based on net profit and net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	**0.14**	0.25
Diluted earnings per share	**N/A**	N/A

Up to the reporting date, the Company does not have any dilutive potential ordinary shares.

9. NET CURRENT ASSETS

	31 December 2013	31 December 2012
	RMB	*RMB*
Current assets	**4,667,991,529**	4,137,257,830
Less: Current liabilities	**4,064,904,393**	4,287,849,185
Net current assets (liabilities)	**603,087,136**	(150,591,355)

10. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2013	31 December 2012
	RMB	*RMB*
Total assets	**7,150,058,349**	6,514,509,121
Less: current liabilities	**4,064,904,393**	4,287,849,185
Total assets less current liabilities	**3,085,153,956**	2,226,659,936

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2013, the traditional retail and wholesale industry were unprecedentedly affected by the subdued consumption, fiercer market competition and the increasing labor and rental costs amidst the mixed economic dynamics at home and abroad. Responding to challenges during the Reporting Period, the Group steadily expanded business scale, optimized product mix, refined marketing approaches, consolidated logistics infrastructure and enhanced management efficiency in bid to curb the downward trend of profitability.

RETAIL BUSINESS

Stably expanding the retail network

During the Reporting Period, the Group continued to adhere to its strategy of regional development, and opened 38 retail stores in Beijing and Datong, Shanxi Province, comprising 35 directly-operated retail outlets (including 2 hypermarkets, 3 supermarkets and 30 convenience stores) and 3 franchise-operated convenience stores. In addition, the Group renovated and upgraded 5 existing stores, and in turn improved the shopping environment. Due to reasons such as expiration of the term of leasing and modification to the franchise development strategy, during the Reporting Period, 3 supermarkets, 1 directly-operated convenience store and 5 franchise-operated convenient stores were closed.

The total number of the Group's retail outlets was 279 as at 31 December 2013. The following table sets out the number and net operating area of the Group's retail outlets as at 31 December 2013:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets					
Directly-operated	2	12	77	100	191
Franchise-operated	–	–	1	87	88
Total	**2**	**12**	**78**	**187**	**279**
Net operating area (square metres):					
Directly-operated	39,742	86,089	162,534	19,745	308,110
Franchise-operated	–	–	880	16,495	17,375
Total	**39,742**	**86,089**	**163,414**	**36,240**	**325,485**

Improving competitiveness of merchandise

Through constructing fresh produce bases and enhancing upstream sourcing, the Group established a stable supply chain for fruits and vegetables, achieving 98% direct supply of vegetables and more than 70% fruits sourced from orchards. Premium imported aquatic products and fruits were introduced, to cater for high-end consumer demand and diversify the fresh food mix. The refined quality criteria for sourcing fruits and vegetables under a regular quotation and bidding mechanism for suppliers led to higher quality and price competitiveness in our fresh food. As fresh produce effectively attracted customers and boosted sales, sales of fruits and vegetables posted a growth of 11.8% year-on-year despite the muted overall sales.

Merchandise gross margins were improved on more advantageous pricing strategies, as the Group introduced new products and optimized the product mix while broadening the scope of upstream sourcing. To better optimize the product mix, the Group conducted ranking, analysis and screening on the contribution of merchandise on a regular basis to choose the fittest in a shorter cycle. Efforts were stepped up to strengthen meticulous management over turnover, stock, order fulfillment rate and return of goods as well as management of goods information, aiming to accelerate the turnover of goods and reduce capital consumption.

Diversified marketing approaches

The Group initiated cultural and differentiated marketing campaigns targeting major holidays, hot topics and the people's livelihood needs, and leveraged on external resources such as bank networks to carry out joint promotions to diversify the offerings. A string of promotional campaigns were staged in the year including "Jingkelong New Year's Fair", "Earth – our common home", "Jingkelong Food Safety Month" and "Jingkelong Tourism Festival" to facilitate the cross-scale. With an aim at differentiated operations, we launched the "Jingkelong Gift Box", an innovative marketing campaign pertaining to the Mid-Autumn Day and National Day holidays with a focus on customized gift packages.

Steering stores towards refined operations

With an emphasis on automatic replenishment, we regularly analyzed and adjusted the automatic replenishment parameters and hence effectively addressed the out-of-stock issue. Through inventory taking and examination as well as selective monitoring, we strengthened inventory management of stores and accelerated their turnover rate. Initiatives such as layout and display improvements and unified store decorations were taken to optimize the foot traffic routes and upgrade the image of stores. To guide fresh food operation, we implemented the standards on full-day operation, expanded the shopping space and established a training base which uplifted the overall fresh food operation of stores. Certain smaller stores were encouraged to operate staple food on their own, filling the gap and improving the performance to attract more customers.

Improving customer services

Tapping on external resources, we improved the in-store infrastructures such as Lakala (拉卡拉), Electronic Funds Transfer at Point of Sale (繳費易) and "Wanbosi" (萬博思) Convenient Project, and introduced a great number of value-added services based on third-party prepaid cards. The convenient services improved shopping experience and effectively attracted the traffic of customers. We continued the "Jingkelong Membership Day" exclusive promotions including double points, half-prices, magic prices and buy-and-save, and held health lectures, visits to fresh produce bases and logistics centers and other activities to consolidate customer loyalty. In addition to refinement of the internal service documentation system, we organized regular activities including seminars for customer service staff and customer satisfaction surveys, with an aim at better services at stores. We also provided special training sessions for customer service system and carried out the series activities of learning from "Service Stars", leading to overall improvement in services.

Higher efficiency of logistics and distribution

Our normal-temperature logistics center successfully shifted from the co-distribution model to the cross docking model for more than 300 suppliers, hence increasing the fulfillment rate and delivery timeliness for small orders of remote and small stores. We brought the return of overstocked and damaged goods under strict procedures and standards, mitigating the pressure of inventory while reducing the consumption of social resources. We optimized internal procedures and supply chain management, and strictly standardized the "no inspection upon receipt" procedure for merchandise directly delivered to stores. The distribution efficiency was further improved as a result of sound inventory mix, bulk merchandise allocation model and receipt reservation services.

Operation results of retail business

An analysis of the retail principal operating income contributed by the Group's directly-operated hypermarkets, supermarkets, convenience stores and department stores and the gross profit margin is set out as follows:

	2013	2012	Increase/ (Decrease)
	RMB'000	*RMB'000*	*(%)*
Directly-operated retail outlets:			
Hypermarkets	**1,181,898**	1,187,962	(0.5)
Supermarkets	**2,954,246**	3,012,214	(1.9)
Convenience stores	**325,789**	324,139	0.5
Department stores	**54,611**	49,995	9.2
Including: commission	**46,879**	42,300	10.8
Total retail principal operating income	**4,516,544**	4,574,310	(1.3)
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**16.0**	15.4	0.6

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 1.3%. This was mainly attributable to (i) a decrease in sales of approximately 6.0% in comparable stores; (ii) the sales contribution from new stores opened in the second half of 2012 and during the Reporting Period, and from certain renovated and reopened stores, and (iii) a decrease in sales due to the Group's adjustment in the sales structure of its retail outlets and product mix.

The gross profit margin generated from the directly-operated retail business (excluding department stores) increased from approximately 15.4% in 2012 to approximately 16.0% in the Reporting Period, this was mainly due to (i) an improvement in the pricing management of fresh produce; (ii) the continuous optimization of product mix; and (iii) a decrease in the volume of large procurements which in turn reduced the discount to profits. Through these efforts, the retail gross profit and gross profit margin were slightly increased over the same period last year, despite the fact that there has been a decrease in sales.

WHOLESALE BUSINESS

Expanding the distribution network with diversified channels. During the Reporting Period, the Group further expanded its regional distribution networks by setting up a new subsidiary in each of Beijing, Datong, Shanxi province and Tangshan, Hebei province as well as a branch company under a subsidiary in Langfang, Hebei province, thus strengthening its distribution network both within and outside of Beijing area. To broaden sales channels, the Group actively developed new distribution channels such as drug stores, baby product stores and group purchase. Staying in tune with online shopping, we set up a dedicated e-commerce team focusing on distribution and logistics to e-commerce customers, while deepening the cooperation with major e-commerce platforms to expand customer base and augment the penetration into this segment.

Optimizing the brand mix to sharpen the marketing edge. In light of our brand strategy, we introduced new brands, and expanded the scope of businesses by adding small household appliances and children's toys. Seeking new cooperation model with upstream suppliers and downstream customers, we achieved mutual success based on the broadened market, enhanced marketing and optimized mix of the brands. We made an attempt on direct sourcing of overseas products and obtained import and export rights. Through a merchandising company established in Hong Kong, we completed the first batch of direct sourcing for certain wine brands from Italy and Hungary, and obtained the nationwide sole-distributionship for certain brands. By developing our in-house brand and rationalizing the relations between upstream and downstream, we further enhanced profitability and market competitiveness.

Upgrading the logistics and distribution system for better services. We introduced a small-size disassembling and auto-sorting system, achieving full-automatic disassembling and sorting for self-operated merchandise, management on odd inventories and higher operational efficiency. It allowed us to provide more professional and refined logistics services for small orders of small- to medium-sized customers. The Group pushed forward strategic partnership with third-party logistics under innovative collaboration models, including establishing joint distribution centers with major customers. While optimizing the service quality management system, the Group promoted the sharing of experience in refined management and cost control to enhance distribution efficiency and tap on new profit streams.

Refining management to maximize resource efficiency. New functions were established, including Merchandise Management Department to support rational business decisions based on centralized data analysis on products and suppliers, Corporate Planning Department responsible for streamlining internal management systems and workflows to lay a cornerstone for refined, scientific and specialized management, and Local Operation Management Department to strengthen the centralized management and supports for local operations outside of Beijing to boost their profitability. Responding to the challenging market, we reinforced strategic cooperation with suppliers, and established a longstanding communication mechanism with retail outlets in order to improve services and pertinence of promotions for maximizing the resource efficiency. Moreover, we strengthened management over funds and receivables to safeguard against financial risks and maximize the capital efficiency.

Operation results of wholesale business

The wholesale principal operating income and gross profit margin are analyzed as follows:

	2013	2012	Increase/ (Decrease)
	RMB'000	*RMB'000*	*(%)*
Wholesale principal operating income recognised by Chaopi Group*	**5,644,729**	5,131,415	10.0
Less: Intersegment sales	**(559,119)**	(536,489)	4.2
Sales to franchisees by the Company	**10,279**	12,144	(15.4)
Total wholesale principal operating income	**5,095,889**	4,607,070	10.6
Gross profit margin**(%)	**9.9**	12.4	(2.5)

* *Chaopi Group represents Beijing Chaopi Trading Company Limited and its subsidiaries.*

** *It represents gross profit margin of wholesale business recognised by Chaopi Group including intersegment sales.*

During the Reporting Period, the wholesale principal operating income recognised by Chaopi Group increased by approximately 10.0% and was mainly due to (i) various marketing efforts arranged with suppliers to increase market shares; (ii) the sales contribution from the new subsidiaries established during the Reporting Period and the second half of 2012; and (iii) the sales contribution from newly introduced distributorship brands.

During the Reporting Period, the decrease in the gross profit margin of wholesale business recognised by Chaopi Group by approximately 2.5% was mainly due to (i) the restrictions on public-fund spending imposed by the government which resulted in a suppression of high-end consumption and a decline of the price of high-end liquor merchandise; and (ii) the adoption of multiple promotions with suppliers, which in turn reduced the gross profit margin.

FINANCIAL RESULTS

	2013	2012	Increase/ (Decrease)
	RMB'000	*RMB'000*	*(%)*
Principal operating income	**9,629,191**	9,205,360	4.6
Gross profit	**1,325,350**	1,382,602	(4.1)
Gross profit margin (%)	**13.8%**	15.0%	(1.2)
Earning before interest and tax	**306,469**	388,404	(21.1)
Net profit	**100,316**	171,805	(41.6)
Net profit margin (%)	**1.0%**	1.9%	(0.9)
Net profit attributable to owners of the parent	**57,056**	105,105	(45.7)
Net profit margin attributable to owners of the parent (%)	**0.6%**	1.1%	(0.5)

Principal operating income

During the Reporting Period, the Group's principal operating income increased by approximately 4.6%,of which retail principal operating income decreased by approximately 1.3%, and wholesale principal operating income increased by approximately 10.6%.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group decreased by approximately 4.1% compared with last corresponding period. The gross profit margin was 13.8% (2012: 15.0%).

OTHER INCOME

Other income mainly comprise income from suppliers, rental income from leasing and sub-leasing of properties and counters.

The Group's other income increased from RMB625,916,000 in 2012 to RMB774,562,805 by approximately 23.7% during the Reporting Period, mainly due to the increase of income from suppliers which were in line with the increase in revenue, and the increase of rental income from newly-opened stores.

OPERATING EXPENSES

Operating expenses mainly comprise of salary and welfare, depreciations, energy fee, rental expenses, repair and maintenance expenses, transportation expenses, packaging expenses, and advertising and promotion expenses.

The Group's operating expenses were RMB1,484,512,031 during the Reporting Period, representing an increase of approximately 11.7% compared to the corresponding period in 2012. The increase was primarily due to (i) the selling and distribution expenses of the new stores, the renovated stores and the new subsidiaries in the wholesale business; (ii) the increased labor cost attributable to the compliance of legal requirement due to the increase in minimum wages; and (iii) during the Reporting Period, more marketing activities were launched in response to the market downturn and competition from e-commerce.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly comprise salary and welfare, social security costs (including retirement benefit contribution), depreciation and entertainment expenses, etc.

The Group's administrative expenses were RMB266,231,417 during the Reporting Period, representing an increase of approximately 0.2% compared to the corresponding period in 2012. The increase was mainly because of (i) the increased cost involving retirement benefit contribution, housing reserves and other social insurance relating to the wages paid in last year; and (ii) a decrease in the amount of the performance-based bonus paid due to a drop in the performance of the Company.

FINANCIAL EXPENSES

Financial expenses include interests on bank loans and debentures, interest income, bank charges and exchange gains or losses.

The Group's financial expenses increased from RMB154,217,524 in 2012 to RMB158,068,655, and were primarily due to increase of interest expenses on bank loans and debentures caused by increased financing principal from business requirement and increased interest rate.

INCOME TAX EXPENSE

The Group was not subject to Hong Kong profit tax as the Group had no assessable profit arising in or deriving from Hong Kong during the Reporting Period.

The members of the Group were subject to corporate income tax at a rate of 25% during the Reporting Period on their respective taxable profit pursuant to the relevant PRC tax laws and regulations.

Income tax expense decreased from RMB57,823,961 in 2012 to RMB43,168,935 in 2013, primarily due to the decrease in 2013 taxable profits.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The net profit attributable to owners of the Company decreased by approximately 45.7% from RMB105,104,506 in 2012 to RMB57,055,711 in 2013. The decrease was mainly attributable to (i) the decrease of gross margin under the press of fierce competition and unfavorable economic condition, more promotions have been held to attract more customers, allowing more profits to the customers; and (ii) the increase of labor cost, rental cost and financial expenses.

BASIC EARNINGS PER SHARE

The Group recorded basic earnings per share of approximately RMB0.14 for 2013, which was calculated on the basis of the number of 412,220,000 shares, representing approximately 44.0% lower than the RMB0.25 of 2012.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2013, the Group had non-current assets of RMB2,482,066,820 (comprising of fixed assets,, investment property and land use rights of RMB1,572,393,535), and non-current liabilities of RMB1,008,802,930 (comprising mainly bank loans and debentures of RMB977,553,870).

As at 31 December 2013, the Group had current assets of RMB4,667,991,529. Current assets mainly comprised of cash and cash equivalents of RMB601,588,771, inventories of RMB1,481,250,484, trade receivables of RMB1,658,164,932 and prepayments and other receivables of RMB679,864,965. The Group had current liabilities of RMB4,064,904,393. Current liabilities mainly comprised of trade and notes payables of RMB1,195,635,326, short term bank loans of RMB1,860,977,942 and advances from customers and other payables of RMB719,474,469.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 31 December 2013, the Group had bank loans of RMB2,104,977,942, which consisted of trade receivables factored bank loans of RMB99,598,081, secured bank loans of RMB244,000,000, unsecured bank loans of RMB1,761,379,861. All the Group's bank loans bear interest rates ranging from 5.04% to 7.2% per annum. The secured bank loans were secured by certain of the Group's buildings and investment properties with aggregate net book values of RMB147,486,861.

The Group's bills payable of RMB56,677,291 were secured by certain of the Group's security deposits of RMB11,335,458 as at 31 December 2013. Also, the security deposit amounted to RMB700,000 was used for the issuance of domestic long-term letter of credit to pay back the accounts payable amounted to RMB3,000,384.

As at 31 December 2013, the Group's gearing ratio* is approximately 71.0%, which is slightly higher than that of 69.3% as at 31 December 2012.

* *Represented by: Total Debt/Total Asset*

FOREIGN CURRENCY RISK

The Group's operating revenues and expenses are principally denominated in Renminbi.

During the Reporting Period, the Group did not encounter any material effect on its operation or liquidity as a result of fluctuation in currency exchange rates.

EMPLOYEES AND TRAINING

As at 31 December 2013, the Group employed 8,451 employees in the PRC (2012: 8,386). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to RMB604,697,307 (2012: RMB568,702,862). The emolument of staff (including directors and supervisors) of the Group are based on position, duty, experience, performance, and market rates, in order to maintain their remunerations at a competitive level.

As required by the PRC laws and regulations, the Group participates in the defined contribution retirement benefits scheme for its employees operated by the relevant local government authorities in the PRC. The Group is required to make contributions for those employees who are registered as permanent residents in the PRC at a rate of 20% (2012: 20%) of the employees' salaries, bonuses and certain allowances. The Group has no further obligation associated with the said defined contribution retirement benefits scheme beyond the abovementioned annual contributions. The Group's contributions to the defined contribution retirement benefits schemes amounted to RMB62,291,048 for the Reporting Period (2012: RMB54,616,210).

During the Reporting Period, the Group hosted trainings with various format and topics for its employees to improve their skills and professional knowledge. The Group held 68 seminars during the year, and more than 5,700 employees have benefited from them.

ESTABLISHMENT OF FOUR SUBSIDIARIES

During the Reporting Period, the Group, through its non-wholly owned subsidiary Datong Chaopi Beichen Trading Company Limited ("Datong Beichen"), established a subsidiary Datong Chaopi Mayi Trading Company Limited ("Datong Mayi") to engage in the retail of general merchandise in Datong, Shanxi province. Datong Mayi opened 28 directly-operated convenience stores in Datong, Shanxi province during the Reporting Period. As at 31 December 2013, the Company held an indirect equity interest of approximately 55.90% in Datong Mayi. The registered capital of Datong Mayi is RMB5,000,000, which has been fully paid up by Datong Beichen.

During the Reporting Period, the Group, through its non-wholly owned subsidiary Beijing Chaopi Trading Company Limited ("Chaopi Trading"), established a subsidiary Tangshan Chaopi Baishun Trading Company Limited ("Tangshan Baishun") to engage in the wholesale of general merchandise in Tangshan, Hebei province. The registered capital of Tangshan Baishun is RMB30,000,000, which has been fully paid up by Chaopi Trading.

During the Reporting Period, the Group, through its non-wholly owned subsidiary Chaopi Trading, established a subsidiary, Beijing Chaopi Maolisheng Trading Company Limited ("Chaopi Maolisheng"), to engage in the wholesale of general merchandise in Beijing. The registered capital of Chaopi Maolisheng is RMB50,000,000, which has been fully paid up by Chaopi Trading.

During the Reporting Period, the Group, through its non-wholly owned subsidiary Beijing Chaopi Flavourings Company Limited ("Chaopi Flavourings"), established a subsidiary, Hong Kong Chaopi Yazhou Company Limited ("Chaopi Hong Kong"), in Hong Kong, to engage in the import and wholesale of general merchandise in Hong Kong. The issued capital of Chaopi Hong Kong is HK$10,000, which has been fully paid up by Chaopi Flavourings.

CHANGES OF EQUITY INTEREST IN THE FOUR SUBSIDIARIES

Pursuant to an agreement entered into between Chaopi Trading and an independent third party dated 24 January 2013, Chaopi Trading transferred 30% of its equity interest in Datong Beichen to the said independent third party for a consideration of RMB7,800,000. After the completion of the said transfer, the Company held an indirect interest of approximately 55.90% in Datong Beichen.

Pursuant to an agreement entered into between Chaopi Trading and an independent third party dated 11 June 2013, Chaopi Trading disposed 30% of its equity interest in Tangshan Baishun to the said independent third party for a consideration of RMB9,000,000. After the completion of the said transfer, the Company held an indirect interest of approximately 55.90% in Tangshan Baishun.

Pursuant to an agreement entered into between Chaopi Trading and an independent third party dated 6 December 2013, Chaopi Trading disposed 35% of its equity interest in Chaopi Maolisheng to the said independent third party for a consideration of RMB17,500,000. After the completion of the said transfer, the Company held an indirect interest of approximately 51.90% in Chaopi Maolisheng.

Pursuant to an agreement entered into between Chaopi Trading and an independent third party dated 27 December 2013, the said independent third party disposed 4% of its equity interest in Beijing Chaopi Huilong Trading Company Limited ("Chaopi Huilong") to Chaopi Trading for a consideration of RMB960,000. After the completion of the said transfer, the Company held an indirect interest of approximately 55.10% in Chaopi Huilong.

ISSUANCE OF CORPORATE BONDS

During the Reporting Period, pursuant to the shareholders' approval and the approval of the Issuance Examination Committee of the China Securities Regulatory Commission ("CSRC"),the Company finished issuing certain corporate bonds (the "Corporate Bonds") in an aggregate amount of RMB750 million on the Shanghai Stock Exchange on 15 August 2013. The maturity period of the Corporate Bonds is five years, with the option to increase the coupon interest rate by the issuer and investors repurchase option at the end of the third year. The coupon rate of the Corporate Bonds is 5.48% per annum. The Corporate Bonds are guaranteed by an independent third party, Beijing Chaoyang District National Capital Operating Management Center, a state-owned enterprise.

ISSUANCE OF PRIVATE DEBT FINANCING INSTRUMENT

On 12 July 2013, pursuant to its shareholders' approval, the Company issued private debt financing instrument in an aggregate amount of RMB200,000,000 with a term of maturity of six months through the Bank of Nanjing. The private debt financing instrument is unsecured and with coupon rate of 5.2% per annum.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2013, the Group had the following significant event:

On 28 March 2014, the directors of the Company proposed the payment of a final dividend of RMB0.10 (including withholding dividend tax) per share to shareholders. The proposal of dividend distribution mentioned above is subject to the approval by the shareholders at Annual General Meeting of the Company. This recommendation has not been incorporated in the consolidated financial statements as a liability. The proposed dividend shall be paid to shareholders on the register of members on 9 June 2014. The estimated amount of dividends in aggregate is RMB41,222,000.

STRATEGY AND PLANS

Addressing the opportunities and challenges in 2014, the Group will integrate innovations into operations to step up transformation and maximize management efficiency:

– **Steadily expanding business scale.** On retail business, we will steadily expand the store network in the Greater Beijing Area and renovate the existing outlets under the strategy of regional development. Meanwhile, we will diversify into innovative businesses such as fresh food supermarket and premium supermarket to expand our niche in the changing market. On wholesale business, we will opportunistically cooperate with strong partners to extend our market presence, and speed up expansion through local subsidiaries to broaden and deepen the wholesale and distribution network.

– **Maximizing the potential of retail business.** By shifting the sourcing model towards upstream as an organizer in the supply chain rather than a simple merchandiser, we will develop custom-ordered staple food and increase the weight of imported products and in-house brand to improve product mix and gross margin. We will reorganize the existing merchandise database to enhance category management according to the ABC principle, and maximize the efficiency of merchandise display resources based on centralized management to improve the integration of product range and individual product contribution. Through upgrading the POS system to support marketing innovations, we will launch accurate marketing initiatives such as additional discounts, loyalty points and trade-in to foster customer loyalty.

– **Sharpening the competitiveness of wholesale business.** While introducing new brands, diversifying product lines and expanding the coverage of brand agency, we will enhance professional brand operation; accelerate the development of in-house brand and imported products, and optimize the mix of products on agency basis; seek breakthrough in cooperation by developing new channels such as e-commerce platforms and group purchase and improving services compatible for various retail outlets; and refine management over upstream and downstream based on a rational supply chain to boost the profitability.

– **Carrying forward the construction of logistics and distribution system.** On retail business, we will upgrade the fruit and vegetable workshop of the fresh food distribution center, standardize the merchandising through processing technology surveys and workflow improvements, and increase value addition to increase the profitability of specialty goods. On wholesale business, we will upgrade the logistics development model through centralized services and further integration. We seek to minimize logistics costs through contracted transportation services for retail outlets, a simulated market pricing mechanism and other means. Strict management will be exercised on third-party logistics to enhance their availability. The Group will continue to upgrade the logistics system and platform to reduce the error rate and improve the efficiency.

OTHER INFORMATION

Corporate Governance

In the opinion of the directors, the Company has applied the principles of and complied with all the code provisions of the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the Reporting Period, save for the directors' retirement by rotation as set out below.

Provision A4.2 of the Corporate Governance Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association of the Company stipulates that each director shall be elected by the general meeting of the Company for a term of not more than three years, and eligible for re-election upon the expiry of the term. Having taken into account of the continuity of the Group's operation and management policies, the Company's Articles of Association contains no express provision for the directors' retirement by rotation and thus deviate from the aforementioned provision of the Corporate Governance Code.

Audit Committee

The audit committee of the Company has reviewed the Group's 2013 audited annual results and discussed with the management and the external auditors on the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

Scope of work of Deloitte Touche Tohmatsu CPA LLP

The figures in respect of the Group's consolidated balance sheets, consolidated income statement and the related notes thereto for the year ended 31 December 2013 as set out in the Annual Results Announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu CPA LLP, to the amounts set out in the audited consolidated financial statements of the Group. The work performed by Deloitte Touche Tohmatsu CPA LLP in this respect did not constitute an assurance engagement in accordance with China Auditing Standards, China Standards on Review or China Standards on Assurance Engagements issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu CPA LLP on the Annual Results Announcement.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period and up to the date of this announcement.

Distribution of Dividends

The directors recommend the payment of a final dividend of RMB0.10 (2012: RMB0.10) per share (tax inclusive) in respect of the Reporting Period to shareholders on the register of members on 9 June 2014. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of balance sheet. The arrangement of the closure of the register of shareholders of H shares of the Company regarding shareholders' dividends will be announced in the circular of the 2013 Annual General Meeting of the Company to be dispatched to the shareholders. The above dividend distribution proposal is subject to the approval by the shareholders at the 2013 Annual General Meeting of the Company. The dividends to be distributed will be denominated and declared in Renminbi. Distribution of cash dividends for domestic shareholders will be paid in Renminbi, while cash dividends for H-Shareholders will be declared in Renminbi but paid in Hong Kong dollars (based on the average of the exchange rates for Renminbi to Hong Kong dollars as announced by the People's Bank of China for the five working days prior to the date of the 2013 Annual General Meeting at which the final dividends would be approved by the shareholders).

Pursuant to the "Enterprise Income Tax Law of the PRC" and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the PRC", commencing from 1 January 2008, any Chinese domestic enterprise which pays dividends to a non-resident enterprise shareholder (i.e. legal person shareholder) in respect of accounting periods beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. Since the Company is a H-share listed company in Hong Kong, the proposed 2013 final dividend distribution will be subject to the aforesaid Enterprise Tax Laws.In order to properly carry out the withholding and payment of income tax on dividends to non-resident enterprise shareholders, the Company will strictly abide by the law and identify those shareholders who are subject to the withholding and payment of income tax based on the register of its H-shareholders as at the end of Monday, 9 June 2014. In respect of all shareholders whose names appear in the register of H shareholders kept at Computershare Hong Kong Investor Services Limited, the Company's H-Shares Registrar and Transfer Office in Hong Kong as at the end of Monday, 9 June 2014 who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organizations that are all considered as non-resident enterprise shareholders), the Company will distribute the 2013 final dividends after deducting income tax of 10%.

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號檔廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the "SAT Notice") dated 28 June 2011, and the letter titled "Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland companies" issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange Letter") dated 4 July 2011, the Company is required to withhold and pay the individual income tax in respect of the 2013 Final Dividends paid to the Individual H Shareholders whose names appear in the register of H-Shares Registrar of the Company ("Individual H Shareholders") when distributing the 2013 final dividends in accordance with the law, as a withholding agent on behalf of the same. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau).The Company will finally withhold and arrange for the payment of the withholding tax pursuant to the above the SAT Notice and the Stock Exchange Letter and other relevant laws and regulation, including the "Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發<非居民享受稅收協定待遇管理辦法（試行）>的通知》(國稅發[2009]124號) (the "Tax Treaties Notice")). The Company will determine the country of domicile of the Individual H Shareholders based on the registered addresses as recorded on the register of members of the Company on Monday, 9 June 2014 (the "Registered Address(es)"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows: (i) For Individual H Shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholder; (ii)For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If the relevant Individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant shareholder to handle the application for the underlying preferential tax benefits pursuant to the tax treaties, provided that the relevant shareholder shall submit to the Company the information required under the Tax Treaties Notice on or before 31 July 2014. Upon examination and approval by competent tax authorities, the Company will assist in refunding the additional amount of tax withheld and paid. (iii) For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will finally withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. and (iv) For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders. If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before 31 July 2014. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notices if they do not provide the relevant supporting documents to the Company within the time period stated above.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 8 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which no transfer of shares of the Company will be effective. Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited (the "H-Shares Registrar") at 4:30 p.m., the close of business on Wednesday, 7 May 2014 are entitled to attend and vote at the 2013 Annual General Meeting following completion of the registration procedures. To qualify for attendance and voting at the 2013 Annual General Meeting, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged at the transfer office of the Company's H-Shares Registrar, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 7 May 2014. Holders of Domestic Shares of the Company whose names appear on the register of shareholders of the Company at 4:30 p.m., the close of business on Wednesday, 7 May 2014 are entitled to attend and vote at the 2013 Annual General Meeting following completion of the registration procedures. Holders of Domestic Shares should contact the secretary to the board of directors of the Company ("Secretary to the Board") for details concerning registration of transfers of Domestic Shares. The contact details of the Secretary to the Board are: 3rd Floor, Block No.45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China. Telephone No.: 86(10) 6460 3046. Facsimile No.: 86(10) 6461 1370.

The register of members of the Company will also be closed Wednesday, 4 June 2014 to Monday, 9 June 2014, both days inclusive, during which no transfer of shares of the Company will be effective. Holders of H Shares and whose names appear on the register of H Shares kept at the Company's H-Share Registrar and holders of Domestic Shares of the Company whose names appear on the register of shareholders of the Company at 4:30 p.m., the end of Monday, 9 June 2014 are entitled to the 2013 final dividend (if any). To qualify for entitlement of the 2013 final dividend (if any), documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged at the transfer office of the Company's H-Share Registrar and Transfer Office at above address, not later than Tuesday, 3 June 2014. Holders of Domestic Shares should contact the Secretary to the Board (whose contact details are set out above) for details concerning registration of transfers of Domestic Shares.

ANNUAL GENERAL MEETING

The 2013 Annual General Meeting will be held on Wednesday, 28 May 2014. The Notice of the 2013 Annual General Meeting, which constitutes part of the circular to Shareholders, will be sent together with the 2013 Annual Report, and will also be available on the HKExnews ("HKExnews") website of Hong Kong Exchanges and Clearing Limited and the website of the Company.

PUBLICATION OF 2013 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website at www.hkexnews.hk and the Company website at www.jkl.com.cn. The 2013 Annual Report will be available on the HKExnews and the website of the Company, and despatched to Shareholders on or about Friday, 11 April 2014.

By Order of the Board
Beijing Jingkelong Company Limited
Li Jianwen
Chairman

Beijing, PRC
28 March 2014

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