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北京京客隆商業集團股份有限公司

BEIJING JINGKELONG COMPANY LIMITED*

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

(Stock Code: 814)

DISCLOSEABLE TRANSACTION

IN RELATION TO

THE ACQUISITION OF 86% EQUITY INTEREST OF BEIJING JING CHAO COMPANY LIMITED

Financial adviser to the Company



Deloitte & Touche Corporate Finance Ltd.

Reference is made to the Announcement of the Company dated 13 January 2011 in relation to a possible discloseable transaction of the Company, being the proposed acquisition of the 86% equity interest of Jing Chao.

The Board is pleased to announce that the Company made a successful bid for the Jing Chao Bidding Invitation and the Acquisition Agreement in relation to the acquisition of the 86% equity interest of Jing Chao has been entered into between Shou Lian and the Company on 18 January 2011.

As referred to in the announcements of the Company dated 3 December 2010 and 14 December 2010, respectively, the acquisition of the entire equity interest of Shou Lian Supermarket and the Company's 14% share of capital contribution to Jing Chao, in aggregate, constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As all applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the Acquisition, when aggregated with the said acquisition of the entire equity interest of Shou Lian Supermarket and the Company's 14% share of the capital contribution to Jing Chao, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 13 January 2011 (the “**Announcement**”) in relation to a possible discloseable transaction of the Company, being the proposed acquisition of the 86% equity interest of Jing Chao. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise specified herein.

The Board is pleased to announce that the Company made a successful bid for the Jing Chao Bidding Invitation and the sale and purchase agreement in relation to the acquisition (the “**Acquisition**”) of the 86% equity interest of Jing Chao has been entered into between Shou Lian and the Company on 18 January 2011 (the “**Acquisition Agreement**”).

ACQUISITION AGREEMENT

Date

18 January 2011

Parties

(i) Vendor: Shou Lian (To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shou Lian and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company.)

(ii) Purchaser: The Company

Assets to be acquired

86% equity interest of Jing Chao

Consideration

Pursuant to the Acquisition Agreement, the total consideration for the Acquisition is RMB 259,324,500, which shall be satisfied as to (i) RMB80,000,000 by payment in cash and; (ii) RMB179,324,500 by setting off an amount due from Shou Lian to the same extent (representing trade receivables arising from the Shou Lian Group).

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

Conditions precedent

The transfer of the 86% equity interest of Jing Chao pursuant to the Acquisition Agreement is conditional upon the satisfaction of the following conditions:

- (i) the bidding procedures under the Jing Chao Bidding Invitation held by the China Beijing Equity Exchange (北京產權交易所) having been completed by Shou Lian in accordance with the provisions of the relevant laws, regulations and policies; and
- (ii) all necessary approvals and authorisations in respect of the transfer of the 86% equity interest of Jing Chao under the Acquisition Agreement having been obtained in accordance with the relevant laws and the Company's articles of association.

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

Shou Lian shall procure Jing Chao to proceed with the registration of the change of the 86% equity interest of Jing Chao at the relevant authority, with the assistance of the Company, within ten business days after the relevant equity transfer certificate issued by China Beijing Equity Exchange (北京產權交易所) has been obtained. The transfer of the 86% equity interest of Jing Chao pursuant to the Acquisition Agreement shall be deemed to be completed on the date on which the new business license of Jing Chao is issued by the relevant authority after completion of the relevant registration procedures in respect of the change of the 86% equity interest of Jing Chao.

INFORMATION ON JING CHAO

As disclosed in the announcement of the Company dated 3 December 2010 and the Announcement, Jing Chao was established in the PRC on 30 July 2010 with a registered capital of RMB 300 million which has been fully paid up. As at the date of this announcement, Jing Chao is held as to 14% by the Company and 86% by Shou Lian. Jing Chao is principally engaged in the leasing of the Properties to Shou Lian Supermarket for the operation of its supermarkets.

The Properties comprise four parcels of land with 14 buildings erected thereon. These four parcels of land are located at (i) No. 80 Xinqiao Street, Mentougou District (門頭溝區新橋大街 80 號); (ii) No. 84, 86 Xinqiao Street, Mentougou District (門頭溝區新橋大街 84, 86 號); (iii) No. 1 West of Jinding Street, Shijingshan District (石景山區金頂街西口 1 號); and (iv) No. 1 Gucheng East Street, Shijingshan District (石景山區古城東街星座超市 1 號), respectively, and the aggregate gross floor areas of the 14 buildings erected thereon are approximately 17,266.6 square metres.

Set out below is a summary of the financial information of Jing Chao for the period from 30 July 2010 (date of incorporation) to 31 December 2010, which was prepared in accordance with the PRC generally accepted accounting principles:

	For the period from 30 July 2010 (date of incorporation) to 31 December 2010 (<i>unaudited</i>) (RMB)
Revenue	972,935
Loss before taxation	822,439
Loss after taxation	822,439

The unaudited net asset value of Jing Chao was approximately RMB299.2 million as at 31 December 2010.

Upon completion of the Acquisition, Jing Chao will become a wholly-owned subsidiary of the Company and the financial results of Jing Chao will be consolidated into the consolidated accounts of the Company.

REASONS FOR THE ACQUISITION OF JING CHAO

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

Shou Lian is a state-owned enterprise. Shou Lian is principally engaged in property investment through Jing Chao by leasing the Properties to Shou Lian Supermarket for the operation of its supermarkets.

Jing Chao is principally engaged in the leasing of the Properties to Shou Lian Supermarket for the operation of its supermarkets. As disclosed in the announcements of the Company dated 3 December 2010 and 14 December 2010, respectively, the Company has acquired the entire equity interest of Shou Lian Supermarket. Having considered that the Acquisition can secure the premises of which Shou Lian Supermarket operates its supermarkets, which in turn, will stabilize the rental cost of Shou Lian Supermarket, the Directors are of the view that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As referred to in the announcements of the Company dated 3 December 2010 and 14 December 2010, respectively, the Company acquired the entire equity interest of Shou Lian Supermarket from Shou Lian and established Jing Chao as a joint venture company held as to 14% by the Company and 86% by Shou Lian, and such acquisition of Shou Lian Supermarket and the Company's 14% share of capital contribution to Jing Chao, in aggregate, constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As all applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the Acquisition, when aggregated with the said acquisition of the entire equity interest of Shou Lian Supermarket and the Company's 14% share of the capital contribution to Jing Chao, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

By Order of the Board

Beijing Jingkelong Company Limited*

Wei Tingzhan

Chairman

Beijing, the PRC

18 January 2011

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*