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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 TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

SUMMARY

Recently, the Company has been informed by Chaofu Company that the Chaoyang SASAC has approved the transfer of 100% of the equity interest of Hongchao Weiye and Jin Chaoyang, respectively, to Chaofu Company for nil consideration. Following the completion of the Gratuitous Transfer, Hongchao Weiye and Jin Chaoyang have become subsidiaries of Chaofu Company.

CONNECTED TRANSACTIONS UNDER RULE 14A.60(1) OF THE LISTING RULES

Chaofu Company is the controlling shareholder of the Company which owns approximately 40.61% of the Company's issued capital. Accordingly, Chaofu Company is a connected person of the Company. According to the Listing Rules, upon completion of the Gratuitous Transfer, Hongchao Weiye and Jin Chaoyang have become subsidiaries of Chaofu Company, and accordingly they constitute connected persons of the Company.

Prior to the date of this announcement, Hongchao Weiye and Jin Chaoyang had respectively entered into Lease Agreements with the Company to lease properties to the Company. Therefore, following the completion of the relevant Gratuitous Transfer, the continuing transactions in respect of such leases will constitute connected transactions between Hongchao Weiye and Jin Chaoyang (as the case maybe) and the Company.

LISTING RULES IMPLICATIONS

According to Rule 14A.60(1) of the Listing Rules, the Company must comply with the annual review and disclosure requirements (including publication of an announcement and annual reporting) under Chapter 14A of the Listing Rules for connected transactions under the Lease Agreement. If such agreements are subsequently amended or renewed, the Company shall further comply with all applicable reporting, disclosure and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND INFORMATION

Recently, the Company has been informed by Chaofu Company that Chaoyang SASAC has approved the transfer of 100% of the equity interest of Hongchao Weiye and Jin Chaoyang, respectively, to Chaofu Company for nil consideration. Following the completion of the Gratuitous Transfer, Hongchao Weiye and Jin Chaoyang had completed the relevant procedures for industrial and commercial registration of changes on 22 January 2021 and 7 February 2021, respectively, and thereafter each of them has become a subsidiary of Chaofu Company.

CONNECTED TRANSACTIONS UNDER RULE 14A.60(1) OF THE LISTING RULES

Chaofu Company is the controlling shareholder of the Company which owns approximately 40.61% of the Company's issued capital. Accordingly, Chaofu Company is a connected person of the Company. Upon completion of the Gratuitous Transfer, Hongchao Weiye and Jin Chaoyang have become subsidiaries of Chaofu Company, and accordingly they constitute connected persons of the Company.

Prior to the date of this announcement, Hongchao Weiye and Jin Chaoyang had respectively entered into Lease Agreements with the Company to lease properties to the Company. Therefore, following the completion of the relevant Gratuitous Transfer, the continuing transactions in respect of such leases will constitute connected transactions between Hongchao Weiye and Jin Chaoyang (as the case maybe) and the Company.

The main terms of the Lease Agreements are set out as follows:

A. LEASE OF PROPERTIES BY JIN CHAOYANG TO THE COMPANY

According to the lease agreement dated 10 May 2004 (as supplemented by the supplementary

agreement signed on 7 August 2019) entered into between the Company and Jin Chaoyang (the “**Jin Chaoyang Agreement**”), Jin Chaoyang has leased to the Company a commercial-use premises with a construction area of 15,000 square meters which is located on the no. 211 building of Wangjing South Lake Central Park, Chaoyang District, Beijing. The lease term is from 1 January 2004 to 31 December 2023, and during which the Company shall pay rent to Jin Chaoyang every six months in the amount of 50% of the rental for the relevant year as detailed below:

From 1 January 2004 to 31 December 2008: RMB 1.76 million per year

From 1 January 2009 to 31 December 2013: RMB 1.848 million per year

From 1 January 2014 to 31 December 2018: RMB 1.9404 million per year

From 1 January 2019 to 30 June 2019: RMB 1.0187 million

From 1 July 2019 to 31 December 2023: RMB 3.6682 million per year

B. LEASE OF PROPERTIES BY HONGCHAO WEIYE TO THE COMPANY

According to the lease agreement dated 1 July 2011 (as supplemented by certain agreements between the Company and Hongchao Weiye from time to time, including, *inter alia*, the supplementary agreements signed on 13 June 2012, 18 December 2013, and 25 November 2014) entered into between the Company and Hongchao Weiye (the “**Hongchao Weiye Lease Agreement**”), Hongchao Weiye has leased 45 properties with a total construction area of 78,808.08 square meters in Chaoyang District to the Company. The lease term is from 1 July 2011 to 31 December 2023, and during which the Company shall pay rent to Hongchao Weiye every six months in the amount of 50% of the rental for the relevant year as detailed below:

From 1 July 2011 to 31 December 2011: approximately RMB 3.67 million

From 1 January 2012 to 31 December 2012: approximately RMB 17.17 million

From 1 January 2013 to 31 December 2013: approximately RMB 7.44 million

From 1 January 2014 to 31 December 2015: approximately RMB 7.65 million per year

From 1 January 2016 to 31 December 2016: approximately RMB 7.42 million

From 1 January 2017 to 31 December 2017: approximately RMB 7.19 million

From 1 January 2018 to 31 December 2018: approximately RMB 7.08 million

From 1 January 2019 to 31 December 2020: approximately RMB 7.38 million per year

From 1 January 2021 to 31 December 2023: approximately RMB 7.58 million per year

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the terms of the Lease Agreements (including the rent involved) were reached after arm's length negotiations between the Group and Jin Chaoyang and Hongchao Weiye, with the relevant rental fees determined with reference to the prevailing market rates of similar properties in the same area.

REASONS AND BENEFITS FOR CONTINUING TRANSACTIONS UNDER THE LEASE AGREEMENTS

The Group has cooperated with Jin Chaoyang and Hongchao Weiye for many years, and has been renting the relevant properties pursuant to the Lease Agreements for the purpose of its supermarket operations. Given that the Group has established long-term strategic and stable business relationships with Jin Chaoyang and Hongchao Weiye, the Directors of the Company (including the independent non-executive Directors) believe that it is beneficial for the Group to continue to lease the relevant properties from Jin Chaoyang and Hongchao Weiye under the Lease Agreements to ensure the stability of the Group's operations.

Based on the above, the Directors (including independent non-executive Directors) are of the view that the Lease Agreements have been entered into on normal commercial terms and that the terms of the Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

When the Group entered into the abovementioned Lease Agreements, Hongchao Weiye and Jin Chaoyang were Independent Third Parties and did not constitute connected persons of the Group. In light of the Gratuitous Transfer by Chaoyang SASAC, Hongchao Weiye and Jin Chaoyang now constitute connected persons of the Group. However, since the lease term has not yet expired, according to Rule 14A.60 of the Listing Rules, the Company shall comply with the relevant annual review and disclosure requirements (including publication of an announcement and annual reporting) under Chapter 14A of the Listing Rules for connected transactions under the Lease Agreements. If such agreements are subsequently amended or renewed, the Company shall further comply with all applicable reporting, disclosure and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE GROUP

The principal business of the Group is the retail and wholesale distribution of daily consumer products.

INFORMATION OF CHAOFU COMPANY, JIN CHAOYANG AND HONGCHAO WEIYE

Chaofu Company is a state-owned enterprise ultimately managed and controlled by the Chaoyang SASAC. Its main business is investment and shareholding, and the provision of property management and property leasing to the Group and independent third parties.

The main business of Jin Chaoyang is leasing business and is a 100% subsidiary of Chaofu Company.

The main business of Hongchao Weiye is to accept entrusted operation and management of state-owned assets and collective assets, and it is a 100% subsidiary of Chaofu Company.

DEFINITIONS

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

“Chaofu Company”	北京朝富國有資產管理有限公司(Beijing Chaofu State-owned Assets Administration Company*) (formerly known as “北京市朝陽副食品總公司(Beijing Chaoyang Auxiliary Food Company*)”), a state-owned enterprise, and the controlling shareholder of the Company which owns approximately 40.61% of the issued share capital of the Company;
“Chaoyang SASAC”	State-owned Assets Supervision and Administration Commission of Beijing Chaoyang District;
“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 of Hong Kong Limited(formerly known as "Beijing Jingkelong Supermarket Chain Group Co., Ltd.");

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Gratuitous Transfer”	the arrangement of the State-owned Assets Supervision and Administration Commission of Beijing Chaoyang District to transfer 100% of Hongchao Weiye and Jin Chaoyang's equity to Chaofu Company at nil consideration;
“Group”	the Company and its subsidiaries;
“Hongchao Weiye”	Beijing Hongchao Weiye State-owned Assets Management Co., Ltd;
“Hongchao Weiye Lease Agreement”	has the meaning ascribed to it under the section headed “CONNECTED TRANSACTIONS UNDER RULE 14A.60(1) OF THE LISTING RULES - B. LEASE OF PROPERTIES BY HONGCHAO WEIYE TO THE COMPANY” in this announcement;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	a person or company who/which is not a director, supervisor, promoter, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates;
“Jin Chaoyang”	北京金朝陽國有資本運營管理有限公司 (Beijing Jin Chaoyang State-owned Capital Operation Management Co., Ltd.*) (formerly known as "北京金朝陽商貿國有資本運營公司 (Beijing Jinchao yang Commerce State-owned Capital Operation Company*)");
“Jin Chaoyang Agreement”	has the meaning ascribed to it under the section headed “CONNECTED TRANSACTIONS UNDER RULE 14A.60(1) OF THE LISTING RULES - A. LEASE OF PROPERTIES BY JIN CHAOYANG TO THE COMPANY” in this announcement;
“Lease Agreements	Jin Chaoyang Lease Agreement and Hongchao Weiye Lease Agreement;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement only); and
“Shareholder(s)”	the holder(s) of the Share(s), including the Domestic Shareholder(s) and the H Shareholder(s).

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

Beijing, PRC

5 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. Li Jianwen, Mr. Zhang Liwei, Ms. Li Chunyan and Mr. Li Shenlin; the non-executive directors are Ms. Zhang Yan and Mr. Li Shunxiang; and the independent non-executive directors are Mr. Wang Liping, Mr. Chen Liping and Mr. Choi Onward.

** For identification purposes only*