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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)

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS AND
THE SUPPLEMENTAL LEASE AGREEMENTS**

THE 2024 LEASE AGREEMENTS

As the 2023 Lease Agreements will expire on 30 June 2024 and the Board intends to continue to lease certain properties leased under the 2023 Lease Agreements, on 10 May 2024, the Group (as lessee) entered into the 2024 Lease Agreements with the Chaofu Group (as lessor), with further details set out below.

THE SUPPLEMENTAL LEASE AGREEMENTS

On the same date (10 May 2024), the Group (as lessee) entered into the Supplemental Lease Agreements with the Chaofu Group (as lessor), to revise the fixed total rentals under the 2023 Lease Agreements, with further details set out below.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Chaofu Company is the controlling shareholder of the Company (and hence a connected person of the Company), owning approximately 40.61% of the issued share capital of the Company. As both Hongchao Weiye and Jin Chaoyang are wholly-owned subsidiaries of Chaofu Company, Hongchao Weiye and Jin Chaoyang are therefore connected persons of the Company. Further, Chaopi Trading is a non-wholly owned subsidiary of the Company.

* *For identification purposes only*

Pursuant to the PRC Accounting Standards for Business Enterprises No. 21 – Leases, the lease of the properties under the 2024 Lease Agreements will be recognised as right-of-use assets, the total value of which is estimated to be RMB437,894,105.74 (further details will be set out below). The entering into of the 2024 Lease Agreements will be regarded as acquisitions of right-of-use assets by the Group under the Listing Rules.

Given that (i) the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are of a similar nature and were all entered into within 12 months, and (ii) the lessors under the 2024 Lease Agreements are the same as those under the 2023 Lease Agreements and they belong to the same group of connected persons of the Company as set out above, the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are required to be aggregated pursuant to the Listing Rules.

On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements is more than 100%, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder constitute very substantial acquisitions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In view of the connected relationship set out above, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company. On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements exceeds the 5% Threshold, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are also subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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A circular containing, among other things, details of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, the recommendations of the Independent Financial Adviser, the property valuation report prepared by the Independent Valuer, together with a notice of the general meeting will be despatched to the Shareholders on or about 7 June 2024

1. BACKGROUND

Reference is made to the announcement of the Company dated 15 December 2023 (the “**Announcement**”) in relation to the 2023 Lease Agreements. Unless defined otherwise, the terms used herein shall have the same meanings as those defined in the Announcement.

As the 2023 Lease Agreements will expire on 30 June 2024 and the Board intends to continue to lease certain properties leased under the 2023 Lease Agreements, on 10 May 2024, (a) the Company (as lessee) entered into (i) the 2024 Chaofu Lease Agreement with Chaofu Company (as lessor), (ii) the 2024 Jin Chaoyang Lease Agreement with Jin Chaoyang (as lessor), and (iii) the 2024 Hongchao Weiye Lease Agreement I and 2024 Hongchao Weiye Lease Agreement III with Hongchao Weiye (as lessor); and (b) Chaopi Trading (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2024 Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor). For the purpose of determining the basis of the rentals under the 2024 Lease Agreements, the Independent Valuer has been engaged to conduct the valuation of the level of rentals in respect of the relevant properties concerned.

On the same date (10 May 2024), (a) the Company (as lessee) entered into the Supplemental Chaofu Lease Agreement, Supplemental Hongchao Weiye Lease Agreement I and Supplemental Jin Chaoyang Lease Agreement with Chaofu Company, Hongchao Weiye and Jin Chaoyang (each as lessor), respectively; and (b) Chaopi Trading (as lessee) entered into the Supplemental Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor), to revise the fixed total rentals under the 2023 Lease Agreements (which were previously determined without having a valuation of the level of rentals by an independent professional valuer), with a view to setting the rentals (per sq.m. per day) of the 2023 Lease Agreements on the same or a similar level as that of the 2024 Lease Agreements or on the prevailing market level, with reference to the abovementioned rental valuation, thereby enhancing the willingness and incentives of Chaofu Company, Hongchao Weiye and Jin Chaoyang (as the case may be) to enter into the relevant 2024 Lease Agreements with the Company and Chaopi Trading (as the case may be).

2. THE 2024 LEASE AGREEMENTS

Set out below is a summary of the principal terms of each of the 2024 Lease Agreements:

I. 2024 Chaofu Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Chaofu Company
Property to be leased:	The property located at No. 14, Zone 2, Gaojiayuan, Chaoyang District, Beijing* (北京市朝陽區高家園二區14號), including the ancillary utility facilities, with a gross floor area of 584.18 sq.m. (the “ 2024 Chaofu Property ”).
Lease term:	The lease term of the 2024 Chaofu Property will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.
Rental:	The total rental payable for the entire five-year lease term is RMB2,933,260.67 (tax inclusive; the total rental amount exclusive of tax is RMB2,793,581.59), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three month’s rent-free period)
1 October 2024 to 30 June 2025	457,369.13
1 July 2025 to 30 June 2026	609,825.50
1 July 2026 to 30 June 2027	609,825.50
1 July 2027 to 30 June 2028	628,120.27
1 July 2028 to 30 June 2029	628,120.27
Total:	2,933,260.67

II. 2024 Hongchao Weiye Lease Agreement I

Date:	10 May 2024
Lessee:	The Company
Lessor:	Hongchao Weiye
Properties to be leased:	A total of 32 properties located in Chaoyang District, Beijing, the PRC, including the ancillary utility facilities, with a total gross floor area of 57,633.75 sq.m. (the “ 2024 Hongchao Weiye Properties I ”)
Lease term:	The lease term of the 2024 Hongchao Weiye Properties I will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.
Rental:	The total rental payable for the entire five-year lease term is RMB346,567,769.81 (tax inclusive; the total rental amount exclusive of tax is RMB330,064,542.68), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three month’s rent-free period)
1 October 2024 to 30 June 2025	54,038,633.55
1 July 2025 to 30 June 2026	72,051,511.39
1 July 2026 to 30 June 2027	72,051,511.39
1 July 2027 to 30 June 2028	74,213,056.74
1 July 2028 to 30 June 2029	74,213,056.74
Total:	346,567,769.81

Among the 2024 Hongchao Weiye Properties I, it is expected that six properties with a total gross floor area of 4,340.74 sq.m. will be used for operating six convenience stores, 16 properties with a total gross floor area of 43,737.09 sq.m. will be used for operating 15 supermarkets, and 10 properties with a total gross floor area of 9,555.92 sq.m. will be leased out by the Group.

III. 2024 Hongchao Weiye Lease Agreement II

Date: 10 May 2024

Lessee: Chaopi Trading

Lessor: Hongchao Weiye

Property to be leased: Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing* (北京市朝陽區雙龍南里204號樓), including the ancillary utility facilities, with a gross floor area of 9,051.6 sq.m. (the “**2024 Hongchao Weiye Property II**”).

Lease term: The lease term of the 2024 Hongchao Weiye Property II will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

Rental: The total rental payable for the entire five-year lease term is RMB45,608,437.23 (tax inclusive; the total rental amount exclusive of tax is RMB43,436,606.89), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three month’s rent-free period)
1 October 2024 to 30 June 2025	7,111,502.69
1 July 2025 to 30 June 2026	9,482,003.58
1 July 2026 to 30 June 2027	9,482,003.58
1 July 2027 to 30 June 2028	9,766,463.69
1 July 2028 to 30 June 2029	9,766,463.69
Total:	45,608,437.23

IV. 2024 Hongchao Weiye Lease Agreement III

Date:	10 May 2024
Lessee:	The Company
Lessor:	Hongchao Weiye
Properties to be leased:	Nine blocks (including block no. 1) at Yaojia Garden West Kou (Food Company), Chaoyang District, Beijing* (北京市朝陽區姚家園西口(食品公司)1幢等9幢房屋), including the ancillary utility facilities, with a gross floor area of 12,239.16 sq.m. (the “ 2024 Hongchao Weiye Property III ”).
Lease term:	The lease term of the 2024 Hongchao Weiye Property III will be for one (1) year, commencing on 1 July 2024 and ending on 30 June 2025.
Rental:	The total rental payable for the one-year lease term is RMB1,252,649.21 (tax inclusive; the total rental amount exclusive of tax is RMB1,192,999.25), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three month’s rent-free period)
1 October 2024 to 30 June 2025	1,252,649.21
Total:	1,252,649.21

V. 2024 Jin Chaoyang Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Jin Chaoyang
Property to be leased:	The commercial premises located at Block No. 211, Wangjing South Lake Central Park, Chaoyang District, Beijing, the PRC* (北京市朝陽區望京南湖中園211樓商業用房), including the ancillary utility facilities, with a gross floor area of 14,494.6 sq.m. (the “ 2024 Jin Chaoyang Property ”).
Lease term:	The lease term of the 2024 Jin Chaoyang Property will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.
Rental:	The total rental payable for the entire five-year lease term is RMB76,342,333.47 (tax inclusive; the total rental amount exclusive of tax is RMB72,706,984.26), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three month’s rent-free period)
1 October 2024 to 30 June 2025	11,903,690.25
1 July 2025 to 30 June 2026	15,871,587.00
1 July 2026 to 30 June 2027	15,871,587.00
1 July 2027 to 30 June 2028	16,347,734.61
1 July 2028 to 30 June 2029	16,347,734.61
Total:	76,342,333.47

In addition to the above terms, each of the 2024 Lease Agreements has stipulated the following terms (except the different uses stated below):

Uses of the properties: *For the 2024 Lease Agreements (other than the 2024 Hongchao Weiye Lease Agreement II):*

The lessee may use the leased property(ies) for retail related purposes, including but not limited to, operating supermarkets, storage and warehouses, investment promotion, joint operations, partial letting, and developing new operational projects.

For the 2024 Hongchao Weiye Lease Agreement II:

The lessee may use the leased property for wholesale related purposes, including but not limited to, office, logistics, storage and warehouses, investment promotion, joint operations, partial letting, and developing new operational projects.

Payment: The rentals shall be paid in advance on a half-yearly basis.

Condition precedent: The effectiveness of the relevant 2024 Lease Agreement shall be conditional upon obtaining the approval of the Independent Shareholders in respect of such agreement at a general meeting of the Company.

Variation or termination: Any variation or early termination of the relevant 2024 Lease Agreement shall be notified to the other party in writing three months in advance, and the variation or early termination shall be made only after a written agreement is entered into between the parties, and the party requesting the variation or early termination shall compensate the loss caused to the other party as a result of such variation or early termination.

Further, the rentals payable in respect of the 2024 Lease Agreements have been arrived at after arm's length negotiations between the parties thereto, with reference to, *inter alia*, (i) the valuation of the rentals conducted by the Independent Valuer (further details of which will be set out in the circular to be disseminated to the Shareholders), (ii) rental discount offered by Hongchao Weiye for the 2024 Hongchao Weiye Lease Agreement III (as compared to the appraised rental per annum), (iii) the prevailing market rentals of comparable properties in the area where the relevant properties are situated, and (iv) the expected inflation during the lease terms of the 2024 Lease Agreements.

The full text of the property valuation report prepared by the Independent Valuer will be set out in the circular to be disseminated to the Shareholders, which will set out, among others, the addresses and appraised rentals of (i) the properties leased under the 2024 Lease Agreements (excluding one property with nil rent), and (ii) the properties which are within the scope of the Supplemental Lease Agreements but outside the scope of the 2024 Lease Agreements (see below for details).

3. THE SUPPLEMENTAL LEASE AGREEMENTS

Set out below is a summary of the principal terms of each of the Supplemental Lease Agreements:

I. Supplemental Chaofu Lease Agreement

Date: 10 May 2024

Lessee: The Company

Lessor: Chaofu Company

Revision of the total fixed rental: The fixed total rental under the 2023 Chaofu Lease Agreement shall be revised from RMB333,559.57 to RMB2,461,157.83, which is based on:

- (i) the total gross floor area of the 2023 Chaofu Properties of 5,606.92 sq.m., and among which, the lease of a part (with gross floor area of 2,230 sq.m.) of a particular property (Block No. 4, Hongmiao North Lane, Chaoyang District, Beijing* (北京市朝陽區紅廟北里4號樓)) was discontinued on 2 April 2024; and
- (ii) revised rental per sq.m. per day ranging from RMB2.86 to RMB3.7, depending on the relevant properties concerned, with reference to:
 - (a) the appraised level of rental of approximately RMB2.86 per sq.m. per day for the 2024 Chaofu Property; and
 - (b) (for the other four properties which are not within the scope of the 2024 Lease Agreements) the appraised levels of rentals of approximately RMB2.90 to RMB3.7 per sq.m. per day.

The Company shall pay the difference in the amount of RMB2,127,598.26 in one lump sum upon the agreement taking effect.

Condition precedent: The effectiveness of the Supplemental Chaofu Lease Agreement shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Chaofu Lease Agreement and the 2024 Chaofu Lease Agreement.

Other: Save as amended per the above, the other terms of the 2023 Chaofu Lease Agreement shall remain unchanged.

II. Supplemental Hongchao Weiye Lease Agreement I

Date: 10 May 2024

Lessee: The Company

Lessor: Hongchao Weiye

Revision of the total fixed rental: The fixed total rental under the 2023 Hongchao Weiye Lease Agreement I shall be revised from RMB4,225,047.81 to RMB40,960,512.59, which is based on:

- (i) the total gross floor area of the 2023 Hongchao Weiye Properties I of 77,794.46 sq.m., and among which, the lease of three properties (with total gross floor area of 1,168.86 sq.m.) was discontinued on 27 March 2024; and
- (ii) revised rental per sq.m. per day ranging from RMB0.37 to RMB10, depending on the relevant properties concerned^(Note1), with reference to:
 - (a) (for the properties which are the same as the 2024 Hongchao Weiye Properties I) the appraised levels of rentals ranging from approximately RMB1.44^(Note2) to RMB10 per sq.m. per day for the 2024 Hongchao Weiye Properties I;

- (b) (for one property being the same as the 2024 Hongchao Weiye Property III) the rental per sq.m. per day remaining unchanged, which is the same as the rental of approximately RMB0.37 per sq.m. per day for the 2024 Hongchao Weiye Property III, and less than the appraised rental of RMB2.15 per sq.m. per day; and
- (c) (for other nine properties which are not within the scope of the 2024 Lease Agreements) the appraised levels of rentals of approximately RMB1.88 to RMB6.04 per sq.m. per day.

Note 1: excluding two properties with nil rent

Note 2: excluding one property with nil rent

The Company shall pay the difference in the amount of RMB36,735,464.78 in one lump sum upon the agreement taking effect.

Condition precedent: The effectiveness of the Supplemental Hongchao Weiye Lease Agreement I shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Hongchao Weiye Lease Agreement I, the 2024 Hongchao Weiye Lease Agreement I and the 2024 Hongchao Weiye Lease Agreement III.

Other: Save as amended per the above, the other terms of the 2023 Hongchao Weiye Lease Agreement I shall remain unchanged.

III. Supplemental Hongchao Weiye Lease Agreement II

Date:	10 May 2024
Lessee:	Chaopi Trading
Lessor:	Hongchao Weiye
Revision of the total fixed rental:	<p>The fixed total rental under the 2023 Hongchao Weiye Lease Agreement II shall be revised from RMB472,260.37 to RMB4,741,001.79, which is based on:</p> <ul style="list-style-type: none">(i) the gross floor area of the 2023 Hongchao Weiye Property II of 9,051.6 sq.m.; and(ii) revised rental of RMB2.87 per sq.m. per day (with reference to the appraised rental of RMB2.87 per sq.m. per day for the 2024 Hongchao Weiye Property II). <p>Chaopi Trading shall pay the difference in the amount of RMB4,268,741.42 in one lump sum upon the agreement taking effect.</p>
Condition precedent:	<p>The effectiveness of the Supplemental Hongchao Weiye Lease Agreement II shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Hongchao Weiye Lease Agreement II and the 2024 Hongchao Weiye Lease Agreement II.</p>
Other:	<p>Save as amended per the above, the other terms of the 2023 Hongchao Weiye Lease Agreement II shall remain unchanged.</p>

IV. Supplemental Jin Chaoyang Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Jin Chaoyang
Revision of the total fixed rental:	<p>The fixed total rental under the 2023 Jin Chaoyang Lease Agreement shall be revised from RMB1,834,125 to RMB8,212,500, which is based on:</p> <ul style="list-style-type: none">(i) the gross floor area of the 2023 Jin Chaoyang Property of 15,000 sq.m.; and(ii) revised rental of RMB3 per sq.m. per day (with reference to the appraised level of RMB3 per sq.m. per day for the 2024 Jin Chaoyang Property). <p>The Company shall pay the difference in the amount of RMB6,378,375 in one lump sum upon the agreement taking effect.</p>
Condition precedent:	<p>The effectiveness of the Supplemental Jin Chaoyang Lease Agreement shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Jin Chaoyang Lease Agreement and the 2024 Jin Chaoyang Lease Agreement.</p>
Other:	<p>Save as amended per the above, the other terms of the 2023 Jin Chaoyang Lease Agreement shall remain unchanged.</p>

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 LEASE AGREEMENTS AND THE SUPPLEMENTAL LEASE AGREEMENTS

As the Group is principally engaged in retail and wholesale distribution of daily consumer products, mainly operating supermarkets and convenience stores, the Group has ongoing operational needs to continue to lease certain properties leased under the 2023 Lease Agreements to maintain its current retail and wholesale operations. Given that the Group has long-term strategic and stable business relationships with Chaofu Company, Hongchao Weiye and Jin Chaoyang, the Directors (excluding the independent non-executive Directors whose views will be given after taking into consideration the advice from the Independent Financial Adviser) are of the view that it is beneficial for the Group to continue to lease the properties from Chaofu Group under the 2024 Lease Agreements (with a term of five (5) years, except the 2024 Hongchao Weiye Lease Agreement III which shall be with a term of one (1) year), which will ensure the stability and continuity of the Group's operations (such that the business and revenue of the Group will not be seriously affected as a result of potential large scale relocation), save administrative costs associated with searching for comparable replacement of properties and capital expenditure in relocation and renovation.

Further, as stated above, the rentals payable in respect of the 2024 Lease Agreements have been arrived at after arm's length negotiations between the parties thereto, with reference to, *inter alia*, (i) the valuation of the rentals conducted by the Independent Valuer, (ii) rental discount offered by Hongchao Weiye for the 2024 Hongchao Weiye Lease Agreement III (as compared to the appraised rental per annum), (iii) the prevailing market rentals of comparable properties in the area where the relevant properties are situated, and (iv) the expected inflation during the lease terms of the 2024 Lease Agreements.

During the negotiation and preparatory stage of the 2024 Lease Agreements, the Independent Valuer has been engaged to conduct the valuation of the rentals in respect of the relevant properties under the 2024 Lease Agreements. The parties noted the significant difference between appraised level of rentals (forming the basis of the rentals under the 2024 Lease Agreements) and the rentals under the 2023 Lease Agreements (which were previously determined without having obtained a valuation by an independent professional valuer). Since the 2024 Lease Agreements are essentially a continuation of the 2023 Lease Agreements with certain scope adjustments taking into account actual business needs, as part of the commercial negotiations between the Group and the lessors, the relevant lessors required an act for good faith from the Group and requested that the rentals under the 2023 Lease Agreements be revised, with a view to setting the rentals (per sq.m. per day) of the 2023 Lease Agreements on the same or a similar level as those of the 2024 Lease Agreements or on the prevailing market level, with reference to the abovementioned rental valuation. While, as a result of the aforesaid scope adjustment, certain properties under the 2023 Chaofu Lease Agreement and 2023 Hongchao Weiye Lease Agreement I will no longer be leased (with further details set out in the principal terms of the relevant Supplemental Lease Agreements above) and thus are not within the scope of the 2024 Lease Agreements, the fixed total rentals of such properties are also adjusted to the prevailing market level (based on the said rental valuation) since they were

previously determined based on the rental levels of the relevant Original Chaofu Lease Agreements and the Original Hongchao Weiye Lease Agreement I (as the case may be). The Group considers that the Supplemental Lease Agreements and the 2024 Lease Agreements are part of the same commercial package, which, as a whole, brings commercial benefits to the Group, and the entering into of the Supplemental lease Agreements will enhance the willingness and incentives of Chaofu Group to enter into the 2024 Lease Agreements. In this regard, the effectiveness of each of the Supplemental Lease Agreements is subject to the Independent Shareholders' approvals of not only the relevant Supplemental Lease Agreement but also the relevant 2024 Lease Agreement.

In view of the above, the Directors (excluding the independent non-executive Directors whose views will be given after taking into consideration the advice from the Independent Financial Adviser) are of the view that the 2024 Lease Agreements and the Supplemental Lease Agreements have been entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the 2024 Lease Agreements and the Supplemental Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Group intends to use its internal resources to settle the rentals payable under the 2024 Lease Agreements and the Supplemental Lease Agreements.

5. LISTING RULES IMPLICATION

As at the date of this announcement, Chaofu Company is the controlling shareholder of the Company (and hence a connected person of the Company), owning approximately 40.61% of the issued share capital of the Company. As both Hongchao Weiye and Jin Chaoyang are wholly-owned subsidiaries of Chaofu Company, Hongchao Weiye and Jin Chaoyang are therefore connected persons of the Company. Further, Chaopi Trading is a non-wholly owned subsidiary of the Company.

Pursuant to the PRC Accounting Standards for Business Enterprises No. 21 – Leases, the lease of the properties under the 2024 Lease Agreements will be recognised as right-of-use assets, the total value of which is estimated to be RMB417,176,413.23, with details as follows:

Name of the agreement	Unaudited value of the right-of-use assets (RMB)	Incremental rate of borrowing applied
(i) 2024 Chaofu Lease Agreement	2,593,008.75	3.19%
(ii) 2024 Hongchao Weiye Lease Agreement I	306,366,654.99	3.19%
(iii) 2024 Hongchao Weiye Lease Agreement II	39,552,589.05	4.04%
(iv) 2024 Hongchao Weiye Lease Agreement III	1,177,373.22	3.19%
(v) 2024 Jin Chaoyang Lease Agreement	67,486,787.22	3.19%
Total:	417,176,413.23	

The above values of the right-of-use assets are based on preliminary assessment by the Company which have not been audited and may be subject to possible changes and adjustments. The entering into of the 2024 Lease Agreement will be regarded as an acquisition of right-of-use assets by the Group under the Listing Rules.

Given that (i) the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are of a similar nature and were all entered into within 12 months, and (ii) the lessors under the 2024 Lease Agreements are the same as those under the 2023 Lease Agreements and they belong to the same group of connected persons of the Company as set out above, the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are required to be aggregated pursuant to the Listing Rules.

On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements is more than 100%, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder constitute very substantial acquisitions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In view of the connected relationship set out above, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company. On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements exceeds the 5% Threshold, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are also subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Ms. Zhang Yan (being non-executive Director) who has abstained from voting on the relevant Board resolution by reason of her position in Chaofu Company, none of the other Directors (i) has any material interest in any of the 2024 Lease Agreements and the Supplemental Lease Agreements, and (ii) is required to abstain from voting on the relevant Board resolution of the Company in respect of the 2024 Lease Agreements and the Supplemental Lease Agreements.

6. INFORMATION OF THE COMPANY AND CHAOPI TRADING

The Company

The Company is a joint stock limited company incorporated in the PRC. Chaofu Company is the controlling shareholder of the Company, owning approximately 40.61% of the issued share capital of the Company. The Company and its subsidiaries are principally engaged in retail and wholesale distribution of daily consumer products.

Chaopi Trading

Chaopi Trading is a limited company established in the PRC and a non-wholly owned subsidiary of the Company, where the Company owns approximately 79.85% of its equity interests. Chaopi Trading is principally engaged in the wholesale distribution of fast-moving consumer goods.

7. INFORMATION OF CHAOFU COMPANY, HONGCHAO WEIYE AND JIN CHAOYANG

Chaofu Company

Chaofu Company is a state-owned enterprise ultimately managed and controlled by the Chaoyang SASAC. Chaofu Company is principally engaged in investment holding, provision of property management service and property leasing.

Hongchao Weiye

Hongchao Weiye is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chaofu Company. Hongchao Weiye is principally engaged in accepting entrustment of operation and management of state-owned assets and collective assets.

Jin Chaoyang

Jin Chaoyang is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chaofu Company. Jin Chaoyang is principally engaged in leasing business.

8. GENERAL

An Independent Board Committee comprising all independent non-executive Directors (namely, Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat) has been established to advise the Independent Shareholders on whether or not the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business and on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. An Independent Financial Adviser has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

A circular containing, among other things, details of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, the recommendations of the Independent Financial Adviser, the property valuation report prepared by the Independent Valuer, together with a notice of the general meeting will be despatched to the Shareholders on or about 7 June 2024, which is more than 15 business days after publication of this announcement as additional time is required by the Company to prepare the relevant information in the circular.

9. DEFINITIONS

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

“2023 Chaofu Lease Agreement”	the supplemental agreement to the Original Chaofu Lease Agreements dated 15 December 2023 entered into between the Company and Chaofu Company in relation to the renewal of the lease of the 2023 Chaofu Properties
“2023 Chaofu Properties”	the leased properties under the 2023 Chaofu Lease Agreement, further details of which are set out in the Announcement
“2023 Hongchao Weiye Lease Agreement I”	the supplemental agreement to the Original Hongchao Weiye Lease Agreement I dated 15 December 2023 entered into between the Company and Hongchao Weiye in relation to the renewal of the lease of 2023 Hongchao Weiye Properties I
“2023 Hongchao Weiye Lease Agreement II”	the supplemental agreement to the Original Hongchao Weiye Lease Agreement II dated 15 December 2023 entered into between Chaopi Trading and Hongchao Weiye in relation to the renewal of the lease of 2023 Hongchao Weiye Property II

“2023 Hongchao Weiye Properties I”	the properties leased under the 2023 Hongchao Weiye Lease Agreement I, further details of which are set out in the Announcement
“2023 Hongchao Weiye Property II”	the property leased under the 2023 Hongchao Weiye Lease Agreement II, further details of which are set out in the Announcement
“2023 Jin Chaoyang Lease Agreement”	the supplemental agreement to the Original Jin Chaoyang Lease Agreement dated 15 December 2023 entered into between the Company and Jin Chaoyang in relation to the renewal of the lease of the 2023 Jin Chaoyang Property
“2023 Jin Chaoyang Property”	the property leased under the 2023 Jin Chaoyang Lease Agreement, further details of which are set out in the Announcement
“2023 Lease Agreements”	collectively, the 2023 Chaofu Lease Agreement, 2023 Hongchao Weiye Lease Agreement I, 2023 Hongchao Weiye Lease Agreement II and 2023 Jin Chaoyang Lease Agreement
“2024 Chaofu Lease Agreement”	the lease agreement dated 10 May 2024 entered into between the Company and Chaofu Company in relation to the lease of the 2024 Chaofu Property
“2024 Chaofu Property”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – I. 2024 Chaofu Lease Agreement” in this announcement
“2024 Hongchao Weiye Lease Agreement I”	the lease agreement dated 10 May 2024 entered into between the Company and Hongchao Weiye in relation to the lease of the 2024 Hongchao Weiye Properties I
“2024 Hongchao Weiye Lease Agreement II”	the lease agreement dated 10 May 2024 entered into between Chaopi Trading and Hongchao Weiye in relation to the lease of the 2024 Hongchao Weiye Property II
“2024 Hongchao Weiye Lease Agreement III”	the lease agreement dated 10 May 2024 entered into between the Company and Hongchao Weiye in relation to the lease of the 2024 Hongchao Weiye Property III

“2024 Hongchao Weiye Properties I”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – II. 2024 Hongchao Weiye Lease Agreement I” in this announcement
“2024 Hongchao Weiye Property II”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – III. 2024 Hongchao Weiye Lease Agreement II” in this announcement
“2024 Hongchao Weiye Property III”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – IV. 2024 Hongchao Weiye Lease Agreement III” in this announcement
“2024 Jin Chaoyang Lease Agreement”	the lease agreement dated 10 May 2024 entered into between the Company and Jin Chaoyang in relation to the lease of the 2024 Jin Chaoyang Property
“2024 Jin Chaoyang Property”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – V. 2024 Jin Chaoyang Lease Agreement” in this announcement
“2024 Lease Agreements”	collectively, the 2024 Chaofu Lease Agreement, 2024 Hongchao Weiye Lease Agreement I, 2024 Hongchao Weiye Lease Agreement II, 2024 Hongchao Weiye Lease Agreement III and 2024 Jin Chaoyang Lease Agreement, and “2024 Lease Agreement” shall be construed accordingly
“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Listing Rules
“Board”	the board of directors of the Company
“Chaofu Company”	北京朝富國有資產管理有限公司 (Beijing Chaofu State-owned Assets Administration Company Limited*) (formerly known as 北京市朝陽副食品總公司 (Beijing Chaoyang Auxiliary Food Company*)), a state-owned enterprise established in the PRC, and the controlling shareholder of the Company, owning approximately 40.61% of the issued share capital of the Company
“Chaofu Group”	Chaofu Company, Hongchao Weiye and Jin Chaoyang

“Chaopi Trading”	北京朝批商貿股份有限公司 (Beijing Chaopi Trading Company Limited*), a company established in the PRC with limited liability and a non-wholly owned subsidiary 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) issued by the Company, with a denominated par value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hongchao Weiye”	北京弘朝偉業國有資產經營有限責任公司 (Beijing Hongchao Weiye State-owned Assets Management Co., Ltd*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Chaofu Company
“Independent Board Committee”	a committee of the Board comprising Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat

“Independent Financial Adviser”	the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the relevant general meeting of the Company held to consider, and if thought fit, approve the 2024 Lease Agreements and the Supplemental Lease Agreements
“Independent Valuer”	the independent qualified property valuer appointed by the Company in relation to the 2024 Lease Agreements and certain properties under the 2023 Lease Agreement (as supplemented by the Supplemental Lease Agreements)
“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 Jin Chaoyang Commerce State-owned Capital Operation Company*)), a company established in the PRC with limited liability and a wholly-owned subsidiary of Chaofu Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Chaofu Lease Agreements”	collectively, the lease agreement dated 30 April 2004, the supplemental agreements dated 12 March 2005, 25 July 2005, 24 March 2006 and 18 June 2012, the lease agreement dated 25 July 2005, the confirmation letter dated 19 March 2007, and the modification agreement dated 1 July 2011, entered into between the Company and Chaofu Company
“Original Hongchao Weiye Lease Agreement I”	the lease agreement dated 1 July 2011 entered into between the Company and Hongchao Weiye as supplemented by four supplemental agreements dated 13 June 2012, 18 December 2013, 25 November 2014 and 11 June 2021, respectively
“Original Hongchao Weiye Lease Agreement II”	the lease agreement dated 1 July 2011 entered into between Chaopi Trading and Hongchao Weiye as supplemented by the supplemental agreements dated 13 June 2012 and 25 November 2014, respectively

“Original Jin Chaoyang Lease Agreement”	the lease agreement dated 10 May 2004 entered into between the Company and Jin Chaoyang as supplemented by the supplemental agreement dated 7 August 2019
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and H Share(s), as the context may require
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Chaofu Lease Agreement”	the supplemental agreement to the 2023 Chaofu Lease Agreements dated 10 May 2024 entered into between the Company and Chaofu Company
“Supplemental Hongchao Weiye Lease Agreement I”	the supplemental agreement to the 2023 Hongchao Weiye Lease Agreement I dated 10 May 2024 entered into between the Company and Hongchao Weiye
“Supplemental Hongchao Weiye Lease Agreement II”	the supplemental agreement to the 2023 Hongchao Weiye Lease Agreement II dated 10 May 2024 entered into between Chaopi Trading and Hongchao Weiye
“Supplemental Jin Chaoyang Lease Agreement”	the supplemental agreement to the 2023 Jin Chaoyang Lease Agreement dated 10 May 2024 entered into between the Company and Jin Chaoyang
“Supplemental Lease Agreements”	collectively, the Supplemental Chaofu Lease Agreement, Supplemental Hongchao Weiye Lease Agreement I, Supplemental Hongchao Weiye Lease Agreement II and Supplemental Jin Chaoyang Lease Agreement, and “Supplemental Lease Agreement” shall be construed accordingly
“sq.m.”	square metre(s)
“%”	per cent.

* *For identification purposes only*

By Order of the Board
Beijing Jingkelong Company Limited
Zhang Liwei
Chairman

Beijing, the PRC
10 May 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Liwei, Ms. Wang Hong, Mr. Zhang Hongbo and Mr. Yang Wensheng; the non-executive directors are Mr. Li Jianwen and Ms. Zhang Yan; and the independent non-executive directors are Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat.