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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)

**MAJOR TRANSACTION
IN RELATION TO
ACQUISITION OF PROPERTY**

THE ACQUISITION

The Board is pleased to announce that, on 30 November 2020 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Property at the total consideration of RMB101,735,130. The Property is located at No. Bing 46, Kaifang Road, Huairou District, Beijing City, the PRC and has been leased by the Group from the Vendor since January 2009 to carry out the Group's supermarket operation.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder. The Company will despatch its circular containing, among other things, details of the Agreement and the transactions contemplated thereunder, together with other information required under the Listing Rules to the Shareholders in accordance with the requirements of the Listing Rules. As additional time is required to prepare the relevant information to be included in the circular, it is expected that the circular will be despatched to its Shareholders on or before 23 December 2020.

* *For identification purpose only*

THE ACQUISITION

The Board is pleased to announce that, on 30 November 2020 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Property at the total consideration of RMB101,735,130.

Set out below are the key terms of the Agreement:

- Date** : 30 November 2020
- Parties** : (1) Jingkelong Shouchao, as purchaser; and
(2) Beijing Shoulian, as vendor

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

- Property to be acquired** : Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Property. The Property comprises a parcel of land and a 3-storey commercial building erected thereon with a total gross floor area of approximately 10,762.04 square metres for wholesale and retail land uses, which is located at No. Bing 46, Kaifang Road, Huairou District, Beijing City, the PRC and the land use right of which will expire on 25 September 2041. The Property is currently being leased by the Group from the Vendor to carry out the Group's supermarket operation.
- Consideration and basis of determination of Consideration** : The consideration ("**Consideration**") for the Acquisition is RMB101,735,130.

As the Property is a state-owned asset and the transfer of which is subject to the relevant PRC laws and regulations, the Consideration is determined by reference to the asset assessment result, which is in the amount of RMB101,735,130 (inclusive of value-added tax), as stated in the Asset Assessment Report with a value date as at 31 May 2020 (which shall be the minimum transfer price of the Property). The Company has further appointed Vigers Appraisal and Consulting Company Limited, an independent valuer, to conduct a valuation of the Property (the “**HK Property Valuation**”) as per the requirements of the Listing Rules, the preliminary valuation of which is in the sum of RMB102,220,000 (inclusive of value-added tax) as at 31 October 2020, which is comparable to the asset assessment result of the Asset Assessment Report. The full text of the HK Property Valuation will be contained in the circular to be despatched to the Shareholders for the EGM.

Based on the above, the Directors consider that the Consideration is fair and reasonable.

Condition precedent

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- Completion of the Acquisition is conditional upon the obtaining of the approval of the Shareholders to the Agreement and the transactions contemplated thereunder at the EGM and the compliance with other requirements of the Listing Rules (the “**Condition**”). The Condition is required to be fulfilled on or before 31 January 2021 (or such later date as may be agreed between the parties), failing which the Agreement shall be terminated.

Payment arrangement

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- Subject to the fulfillment of the Condition, the Consideration shall be settled in the following manner:
- (1) RMB40,694,040, being 40% of the Consideration, shall be paid in cash by the Purchaser to the Vendor within 10 business days after the Condition is fulfilled; and
 - (2) RMB61,041,090, being the remaining 60% of the Consideration, will be paid in cash within 10 business days following the completion of the property title transfer and registration procedures.

The Consideration will be funded by the Group's internal resources.

INFORMATION OF THE PURCHASER

The principal business of the Group is the retail and wholesale distribution of daily consumer products. The Purchaser is principally engaged in the operation of supermarkets under the trade name of “Jingkelong* (京客隆)” in Beijing.

INFORMATION OF THE VENDOR

The Vendor is a state-owned enterprise principally engaged in property leasing. As at the date of this announcement, the Vendor is ultimately owned by the State-owned Assets Supervision and Administration Commission of Chaoyang District People's Government of Beijing Municipality* (北京市朝陽區人民政府國有資產監督管理委員會).

REASONS AND BENEFITS OF THE ACQUISITION

Huairou District is a district under the jurisdiction of Beijing Municipality, and is located at the foot of the southern side of Yanshan Mountain and in the northeast of Beijing Municipality. Bordering Miyun District to the east, Shunyi District and Changping District to the south, Yanqing District to the west, and Chicheng County, Fengning Manchu Autonomous County and Luanping County of Hebei Province to the north, this district has a total area of 2,122.8 square kilometers, making it the second largest district in Beijing in terms of area. The urban area of Huairou District is 50 kilometers away from the downtown of Beijing, 32 kilometers away from the Beijing Capital Airport, and 170 kilometers away from Tianjin Port, and is accessible by express ways. After the completion of the Huairou section of the Beijing-Chengde Expressway, Huairou District has been brought under the coverage of Beijing's half-hour economic circle. In recent years, Huairou has been rated as a National Model City for Greening, a National Ecological Demonstration Zone, a National Sanitation Zone, and a National Comprehensive Experimental Zone for Sustainable Development, demonstrating greater advantages of its geographical location.

Since 2016, the Group has leveraged the advantages of its physical store resources to introduce Internet digital technology to integrate online and offline businesses. In particular, against the backdrop of the COVID-19 pandemic this year, the Group made use of its advantages of its online and offline integrated operations to cater for the consumers' demand for contactless (無接觸式) shopping to the greatest extent, which contributed to the remarkable increase in the passenger flow and sales of its online business. The “Internal Circulation (內循環)” era has ushered in a new period full of strategic opportunities for the domestic markets, and driven by the new business normal, new business backdrop and new development model of online and offline integration, the development of online business is derived from and also relies upon offline resources. Online resources are unlimited, while the resources of offline store outlets are limited and scarce. The Property has been leased by the Group from the Vendor since January 2009 for the Group's supermarket operation therein as one of the offline hypermarkets, and the Group intends to continue its occupancy of the Property for the

same purpose after the completion of the Acquisition. The Acquisition will further increase the proportion of the Group's self-owned properties, consolidate the resources of offline stores and secure the premises of which the Purchaser operates its supermarket, thereby contributing to the business development of the Group.

Based on the above, the Directors are of the view that the Acquisition has been entered into on normal commercial terms and that the terms of the Agreement are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder. The Company will despatch its circular containing, among other things, details of the Agreement and the transactions contemplated thereunder, together with other information required under the Listing Rules to the Shareholders in accordance with the requirements of the Listing Rules. As additional time is required to prepare the relevant information to be included in the circular, it is expected that the circular will be despatched to its Shareholders on or before 23 December 2020.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement;
“Agreement”	the commodity house sale and purchase agreement dated 30 November 2020 entered into between the Purchaser and the Vendor;

“Asset Assessment Report”	an asset assessment report issued by Beijing Zhongqin Yongli Asset Appraisal Co., Ltd.* (北京中勤永勵資產評估有限責任公司), a qualified PRC-based assessment agency appointed by the Vendor, in respect of the value of the Property as at 31 May 2020, which was submitted to and approved by the State-owned Assets Supervision and Administration Commission of Chaoyang District People’s Government of Beijing Municipality* (北京市朝陽區人民政府國有資產監督管理委員會);
“Board”	the board of directors of the Company;
“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;
“Condition”	has the meaning ascribed to it under the section headed “The Acquisition – Condition precedent” in this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	has the meaning ascribed to it under the section headed “The Acquisition – Consideration and basis of determination of Consideration” in this announcement;
“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;
“Domestic Shareholder(s)”	the holder(s) of the Domestic Share(s);
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder;

“Group”	the Company and its subsidiaries;
“H Share(s)”	the overseas-listed foreign ordinary share(s) in the registered share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars;
“H Shareholder(s)”	the holder(s) of the H Share(s);
“HK Property Valuation”	has the meaning ascribed to it under the section headed “The Acquisition – Consideration and basis of determination of Consideration” in this announcement;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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);
“Property”	a parcel of land and a 3-storey commercial building erected thereon with a total gross floor area of approximately 10,762.04 square metres for wholesale and retail land uses, which is located at No. Bing 46, Kaifang Road, Huairou District, Beijing City, the PRC;
“Purchaser” or “Jingkelong Shouchao”	北京京客隆首超商業有限公司 (Beijing Jingkelong Shouchao Company Limited*), a direct wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the share(s) of the Company, including the Domestic Share(s) and the H Share(s);
“Shareholder(s)”	the holder(s) of the Share(s), including the Domestic Shareholder(s) and the H Shareholder(s);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor” or “Beijing Shoulian”	北京首聯商業集團有限公司 (Beijing Shoulian Company Limited*), a company incorporated in the PRC with limited liability; and
“%”	per cent.

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

Beijing, the PRC
30 November 2020

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.

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