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 2015

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 2015 (the "Reporting Period").

(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	2015.12.31 RMB	2014.12.31 RMB
Current Assets:			
Cash and bank balances		**718,323,705**	536,839,101
Accounts receivable	*3*	**1,824,268,380**	1,674,135,328
Prepayments		**1,366,408,098**	649,633,624
Other receivables		**147,135,270**	132,051,916
Inventories		**1,573,547,038**	1,483,886,458
Other current assets		**255,871,154**	289,777,639
Total Current Assets		**5,885,553,645**	4,766,324,066
Non-current Assets:			
Available-for-sale financial assets		**28,789,200**	4,578,000
Investment properties		**141,196,430**	147,805,414
Fixed assets		**1,144,144,901**	1,181,654,479
Construction in progress		**101,244,425**	94,384,816
Intangible assets		**193,284,906**	196,846,698
Goodwill		**86,673,788**	86,673,788
Long-term prepaid expenses		**582,568,122**	584,780,164
Deferred tax assets		**31,516,326**	28,051,865
Other non-current assets		**175,798,659**	150,403,808
Total Non-current Assets		**2,485,216,757**	2,475,179,032
TOTAL ASSETS		**8,370,770,402**	7,241,503,098

	Note	**2015.12.31**	2014.12.31
		RMB	*RMB*
Current Liabilities:			
Short-term borrowings		**2,746,099,901**	2,172,490,151
Notes payable		**624,557,573**	76,088,972
Accounts payable	*4*	**1,201,009,866**	1,150,842,260
Advance from customers		**458,476,201**	479,918,595
Payroll payable		**1,347,826**	1,935,503
Taxes payable		**78,474,759**	68,394,409
Dividends payable		**2,736,306**	5,545,226
Other payables		**199,110,041**	184,306,314
Non-current liabilities due within one year		**95,000,000**	73,000,000
Other current liabilities		**51,212,042**	49,290,684
Total Current Liabilities		**5,458,024,515**	4,261,812,114
Non-current Liabilities:			
Long-term borrowings		**–**	95,000,000
Bonds payable		**746,158,430**	744,820,080
Provision		**910,612**	910,612
Deferred tax liabilities		**1,986,869**	4,715,063
Other non-current liabilities		**54,176,264**	39,179,834
Total Non-current Liabilities		**803,232,175**	884,625,589
TOTAL LIABILITIES		**6,261,256,690**	5,146,437,703

	Note	2015.12.31 RMB	2014.12.31 RMB
SHAREHOLDERS' EQUITY:			
Share capital		**412,220,000**	412,220,000
Capital reserves		**609,308,148**	609,045,676
Other comprehensive income		**2,098,458**	3,171,000
Surplus reserves		**139,259,934**	135,571,025
Undistributed profits	5	**473,625,451**	493,671,848
Total Equity Attributable to Shareholders of the Parent Company		**1,636,511,991**	1,653,679,549
Minority interests		**473,001,721**	441,385,846
TOTAL SHAREHOLDERS' EQUITY		**2,109,513,712**	2,095,065,395
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,370,770,402**	7,241,503,098

CONSOLIDATED INCOME STATEMENT

		Notes	2015 RMB	2014 RMB
I.	Total operating income	*6*	**11,532,477,247**	10,890,758,888
	Including: Operating income		**11,532,477,247**	10,890,758,888
II.	Total operating costs		**11,441,439,767**	10,780,101,765
	Including: Operating cost	*6*	**9,231,521,802**	8,682,268,153
	Business tax and surcharges		**77,259,534**	71,536,583
	Selling expenses		**1,711,479,315**	1,588,772,754
	Administrative expenses		**269,212,240**	268,703,883
	Financial expenses		**151,703,085**	170,990,341
	Impairment losses on assets		**263,791**	(2,169,949)
	Add: Investment income		**1,073,676**	9,496,885
III.	Operating profit		**92,111,156**	120,154,008
	Add: Non-operating income		**26,500,116**	17,167,675
	Including: Gains from disposal of non-current assets		**37,143**	8,313
	Less: Non-operating expenses		**5,232,159**	4,818,344
	Including: Losses from disposal of non-current assets		**2,810,021**	2,082,512
IV.	Total profit		**113,379,113**	132,503,339
	Less: Income tax expenses	*7*	**41,033,483**	43,640,848
V.	Net profit		**72,345,630**	88,862,491
	Net profit attributable to shareholders of the parent company		**24,864,512**	41,329,845
	Profit or loss attributable to minority interests		**47,481,118**	47,532,646
VI.	Net value of other comprehensive income after tax		**(543,000)**	538,500
	Net value of other comprehensive income attributable to shareholders of the parent company after tax		**(433,585)**	538,500
	Other comprehensive income which can be reclassified into profit or loss subsequently			
	Gains or losses from changes on fair value of available-for-sale financial assets		**(433,585)**	538,500
	Net value of other comprehensive income attributable to minority interests after tax		**(109,415)**	–
VII.	Total comprehensive income		**71,802,630**	89,400,991
	Total comprehensive income attributable to shareholders of the parent company		**24,430,927**	41,868,345
	Total comprehensive income attributable to minority interests		**47,371,703**	47,532,646
VIII.	Earnings per share:			
	(I) Basic earnings per share	*8*	**0.06**	0.10
	(II) Diluted earnings per share	*8*	**N/A**	N/A

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, upon the approval by Beijing Administration for Industry and Commerce (北京市工商局), the Company was transformed from Beijing Jingkelong Supermarket Chain Group Limited ("Beijing Jingkelong Supermarket Chain Company Limited" before renamed) and the registered capital of the Company was RMB246,620,000. The Business License No. is 110000002315927. The registered office and the principal place of business of the Company is 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 Company was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited through the issue of H shares. On 26 February 2008, all the ordinary 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 2015.

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

2. BASIS OF PREPARATION

The Group has adopted the Accounting Standards for Business Enterprises and other related provisions issued by the Ministry of Finance. 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

Presentation of accounts receivable according to aging analysis on the basis of the date when revenue is recognized:

Aging	**2015.12.31**	**2014.12.31**
Within 1 year	1,631,405,426	1,567,848,338
1-2 years	112,839,639	26,286,990
2-3 years	23,315	–
4-5 years	–	80,000,000
Over 5 years	80,000,000	–
Total	1,824,268,380	1,674,135,328

On 31 December 2015 and 31 December 2014, the Group had an amount of RMB80,000,000 due from Beijing Shoulian Group Company Limited ("Shoulian Group") which belonged to accounts receivable that are individually significant, and it was already overdue more than 3 months. In the opinion of the directors, no impairment is necessary on 31 December 2015 and 31 December 2014 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, certain buildings and land use rights with a total value of not less than the overdue accounts receivable have been pledged in favor of the Company, so there is no need for impairment to be made.

The Group normally allows a credit period of no more than 90 days to its customers with a longer credit period of 180 days granted to its major customers. Accounts receivable bear no interest except the amount due from Shoulian which bears interest at 1 to 5 years loan rate.

On 31 December 2015, the total accounts receivable due from Wu-mart（物美）, Carrefour（家樂福）, Lotus（易初蓮花）, Yonghui Superstores Co. Ltd.（北京永輝超市有限公司）, Jingdong（京東）, Tianjin Jumei Technology Company Limited（天津聚美優品科技有限公司）, Vipshop（唯品會）and Lefeng (Shanghai) Information Technology Company Limited（樂蜂(上海)信息技術有限公司）amounted to RMB354,891,600 (31 December 2014: RMB458,975,301) were limited by being factored to secure certain bank loans of the Group.

On 31 December 2015 and 31 December 2014, there was no accounts receivable due from shareholders holding 5% or more of the Company's shares with voting power.

4. ACCOUNTS PAYABLE

Aging of accounts payable based on date of pick-up:

Item	**2015.12.31**	2014.12.31
Within 1 year	**1,179,925,690**	1,141,456,710
1-2 years	**12,747,369**	4,640,894
2-3 years	**4,287,482**	4,744,656
Over 3 years	**4,049,325**	–
Total	**1,201,009,866**	1,150,842,260

The majority of accounts payable aging over 1 year consist of the final payments for suppliers. There was no accounts payable due to shareholders holding 5% or more of the Company's shares with voting power.

5. UNDISTRIBUTED PROFITS

Item	Amount	Proportion of appropriation
For the year ended 31 December 2015		
Undistributed profits at the beginning of year	493,671,848	
Add: Net profit attributable to the shareholders of the parent company for the year	24,864,512	
Less: Appropriation to statutory surplus reserve	3,688,909	10%
Ordinary shares' dividends payable	41,222,000	
Undistributed profits at the end of the year	473,625,451	
For the year ended 31 December 2014		
Undistributed profits at the beginning of year	499,634,209	
Add: Net profit attributable to the shareholders of the parent company for the year	41,329,845	
Less: Appropriation to statutory surplus reserve	6,070,206	10%
Ordinary shares' dividends payable	41,222,000	
Undistributed profits at the end of the year	493,671,848	

(1) Appropriation to statutory surplus reserve

On 31 December 2015, the undistributed profits of the Group included surplus reserve of subsidiaries totaling RMB18,450,856 (31 December 2014: RMB16,751,363).

(2) Cash dividend approved and subject to be approved in the annual general meeting

According to the notice of the annual general meeting on 28 May 2015, a final dividend of RMB0.1 per share in respect of year ended 31 December 2014 was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB41,222,000.

According to the notice of the annual general meeting on 28 May 2014, a final dividend of RMB0.1 per share in respect of year ended 31 December 2013 was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB41,222,000.

On 21 March 2016, the directors of the Company proposed the payment of a dividend of RMB0.05 per share to shareholders in respect of the year ended 31 December 2015. The proposal of dividend distribution mentioned above is subject to be approved 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 estimated amount of dividends in aggregate is RMB20,611,000.

6. OPERATING INCOME AND OPERATING COST

(1) Operating income and operating cost

	2015		2014	
Item	**Income**	**Cost**	Income	Cost
Principal operating	**10,572,672,272**	**9,220,663,533**	10,007,135,311	8,675,578,018
Other operating	**959,804,975**	**10,858,269**	883,623,577	6,690,135
Total	**11,532,477,247**	**9,231,521,802**	10,890,758,888	8,682,268,153

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

	2015		2014	
Item	**Principal operating income**	**Principal operating cost**	Principal operating income	Principal operating cost
Retail	**4,608,431,038**	**3,852,568,439**	4,673,600,858	3,898,064,199
Wholesale	**5,944,556,336**	**5,353,202,348**	5,313,258,681	4,762,030,550
Others	**19,684,898**	**14,892,746**	20,275,772	15,483,269
Total	**10,572,672,272**	**9,220,663,533**	10,007,135,311	8,675,578,018

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

7. INCOME TAX EXPENSES

(1) Details of income tax expenses

Item	**2015**	2014
Current income tax expense calculated in accordance with tax laws and relevant requirements	**47,045,138**	56,405,631
Deferred income tax	**(6,011,655)**	(12,764,783)
Total	**41,033,483**	43,640,848

(2) Reconciliation between income tax expenses and accounting profits is as follows:

Item	2015	2014
Accounting profit	**113,379,113**	132,503,339
Income tax expenses calculated at tax rate of 25%	**28,344,778**	33,125,835
Effect of non-deductible expenses	**4,350,877**	4,302,071
Effect of non-taxable income	**(754,699)**	(1,167,542)
Effect of using deductible losses of previously unrecognized deferred tax assets	**(695,704)**	–
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets	**9,289,690**	6,580,484
Effect of adjusting the previous years' income tax	**498,541**	–
Tax effect of interest income of related party borrowings	**–**	800,000
Income tax	**41,033,483**	43,640,848

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

While calculating basic earnings per share, net profit attributable to ordinary shareholders for the current year is as follows:

Item	2015	2014
Net profit attributable to ordinary shareholders for the current year	**24,864,512**	41,329,845
Including: Net profit from continuing operations	**24,864,512**	41,329,845

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

Item	2015	2014
Number of ordinary shares outstanding	**412,220,000**	412,220,000

Earnings per share

Item	**2015**	2014
Calculated based on net profit and net profit from continuing operations attributable to shareholders of the parent company		
Basic earnings per share	**0.06**	0.10
Diluted earnings per share	**N/A**	N/A

At date of report, the Company had no dilutive potential ordinary shares.

9. NET CURRENT ASSETS

Item	**2015.12.31**	2014.12.31
Current assets	**5,885,553,645**	4,766,324,066
Less: Current liabilities	**5,458,024,515**	4,261,812,114
Net current assets	**427,529,130**	504,511,952

10. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	**2015.12.31**	2014.12.31
Total assets	**8,370,770,402**	7,241,503,098
Less: Current liabilities	**5,458,024,515**	4,261,812,114
Total assets less current liabilities	**2,912,745,887**	2,979,690,984

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the macro economy was still under relatively strong downside pressure, and the economic situation was full of challenges and fluctuations. On one hand, the Group had to cope with the pressures from the slowdown of sales growth, as well as continual rise of necessary expenses such as labour and rental costs, etc. On the other hand, the Group had to face the impact from the upgrading of consumption, as well as the changes in consumption habits and diverted consumer demands caused by the rapid rise of e-commerce. As a result, the Group's business operation was confronted with an abnormally adverse environment. In response to the changes in the competitive environment, the Group actively adjusted its strategies and utilized the technologies of the mobile internet to develop mobile e-commerce. It attached great importance to consumer demands and placed emphasis on commodities and services. The Group engaged itself in online and offline marketing activities and endeavoured to raise the revenue of retail and wholesale sales, striving to curb the downward slide in profitability.

RETAIL BUSINESS

Prudently expanding the retail network

Adjusting our store-opening strategies and striving to improve the environment of the stores

During the Reporting Period, in view of the new changes in the online and offline markets of fast-moving consumer goods, especially those in the Greater Beijing Region, and in view of the hypermarkets in key cities and provincial-level cities in China reporting a negative growth (-1.5%) for the first time, the Group adjusted the strategy for store expansion and became prudent in enlarging its network of physical stores. It put more emphasis on improving the environment of currently operating stores, and renewed the facilities and equipment of the stores to bring about better shopping experience to the consumers. During the Reporting Period, the Group renovated and upgraded 9 stores (including 4 supermarkets and 5 convenience stores). Throughout the year, the Group opened 5 franchise-operated retail stores. Due to reasons such as the expiration of the terms of leasing and modifications to the development strategy, during the Reporting Period, the Group closed down 1 supermarket, 12 directly-operated convenience stores, and 16 franchise-operated convenience stores.

The total number of the Group's retail outlets was 261 as at 31 December 2015. The following table sets out the number and net operating area of the Group's retail outlets as at 31 December 2015:

	Department Stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	2	12	72	106	192
Franchise-operated	–	–	1	68	69
Total	**2**	**12**	**73**	**174**	**261**
Net operating area (square metres):					
Directly-operated	39,742	86,089	156,134	20,214	302,179
Franchise-operated	–	–	880	13,631	14,511
Total	**39,742**	**86,089**	**157,014**	**33,845**	**316,690**

Paying attention to the business operation of live and fresh merchandise and bringing out the advantages in physical stores

During the Reporting Period, the Group dedicated itself to the standardized operation of live and fresh merchandise and implemented the "*Standards on Purchase of Live and Fresh Merchandise*", the "*Standards on Distribution of Live and Fresh Merchandise*", and the "*Standards on Business Operation of Live and Fresh Merchandise*" in the three stages of purchase, distribution and store retail, respectively. It introduced new purchasing channels and new kinds of live and fresh merchandise. Store inspectors were designated to the purchasing centres of live and fresh merchandise to specifically supervise and control the quality of vegetables and fruits which were directly distributed from the purchasing centres to the stores, which solved quality problems arising from the distribution of live and fresh merchandise to the stores, and also reduced waste and deterioration of live and fresh merchandise. It invested funds to renew display facilities in stores to improve the display layout of live and fresh merchandise, and to enlarge the business coverage of live and fresh merchandise. It continued to promote the forwarding of food processing, and developed convenient small package pork products in order to satisfy the demand of the sale of meat through medium- and small-sized stores and online applications. Implementation of the aforesaid measures had improved the operating level of the sale of live and fresh merchandise by the stores, stabilized customer flow of the stores, and increased the frequency of purchase by consumers.

Diversified marketing approaches

During the Reporting Period, the Group continually arranged season- or festival-themed marketing activities. For instance, the marketing theme for April was to strengthen the sense of belonging of members of the stores. Combined with the fact that this was the month for "rewarding members", the

Group offered an exclusive promotion to members for commodities ranging from livelihood to daily-life consumer goods. The specially discounted member prices satisfied the members' daily demands for fast-moving consumer goods. Through utilizing the upgrading and operation of the marketing information system, the Group realized new patterns of marketing, such as the exchange of bonus points for commodities at the cashier, giving a price reduction of certain brands when the purchasing amount reaches a designated level, and giving out free products when the purchasing amount of certain brands reaches a designated level. Through sending pictures and texts, the Jingkelong WeChat public platform carried out pre-sales activities of goods in season. The platform also introduced interactive games and customers who paid through WeChat could take part in special activities such as having a price reduction when the purchasing amount reaches a designated level, "instant and random price reduction", "giving out coupons on scanning the barcode", and "giving out game packages when purchasing" etc., in order to attract young consumers, consolidate fans' attachment, streamline business into the offline market, and strengthen the marketing influence.

Launching the mobile e-commerce operation and consolidating the online and offline business operations. Following the preparatory works on system development, testing, and internal trials in stores, the Jingkelong app was officially launched and put into operation in November 2015. Thereafter, if any consumer orders goods using the Jingkelong app, he/she can choose to pick up the goods in a nearby store, or use the service of home delivery. Customers within a 2 kilometres radius from a store who purchase any goods amounting to RMB49 or more in total, can enjoy the service of home delivery free of charge. Over 1,200 mainstream goods became the first batch of goods offered for sale on the Jingkelong app, including live and fresh merchandise, foods, non-staple foods, beverages and drinks, and articles of everyday use, etc. These goods were sold at uniform prices, no matter whether they were sold online or offline in order to satisfy the daily needs of consumers of residential communities for live and fresh merchandise goods being key goods.

Continually improving customer services level

In order to provide consumers with a convenient payment experience, the Group introduced offline payment tools such as WeChat payment and Alipay. At the same time, it launched the "Jingkelong digital wallet" to realize functions such as online purchase of cards, online and offline payment etc., thus adding new channels for consumer payment. Along with the launching of the Jingkelong mobile app, the e-commerce calling centre was officially launched and was mainly responsible for answering questions from customers on the use of the app, online order enquiry, handling and verification of online orders, and handling of orders with wrong addresses. Any consumer who purchases goods through the mobile terminal of the Jingkelong app may go to a nearby store to enjoy after-sales services such as returning and replacement of goods. This policy has effectively solved the problem that it is difficult for consumers to seek for and enjoy after-sales services after buying goods through e-commerce. In order to perfect the mechanism of supervision of services offered by the stores, the Group requested the stores to carry out communication and panel discussion activities with volunteer supervisors, in order to continually improve the level of services offered to consumers by the stores.

Strengthening food safety work

During the Reporting Period, the Group put in huge efforts to promote knowledge of food safety among all staff, and carried out food quality training. The Group attached great importance to food safety, and examined and verified the sourcing and importation of goods in a strict manner. The Group has a normal-temperature distribution centre which is supported by a shelf life early warning system. It pays close attention to the shelf life of goods warehoused, especially goods with a relatively short shelf life. While picking up goods, the Group strictly follows the regulatory standards as indicated by the date of manufacture and shelf life, and would refuse to accept any goods which did not comply with the inspection requirements. Based on the characteristics of different seasons, the Group launched the month-long Summer event on food quality and safety. In order to guarantee the freshness of live and fresh merchandise, the Group introduced various stages such as collection, pre-cooling, packaging form, transportation, loading, unloading, etc. one by one, so as to ensure the consumption safety of live and fresh merchandise. In strict accordance with purchasing and processing standards, the distribution centre of live and fresh merchandise had carried out real-time supervision and control at the base centre in various stages, such as the picking, selecting, acceptance inspection, processing, storage, dispensing and distribution of the goods. It imposed strict control over the sanitation of the vehicles for delivery and the distribution of goods, and monitored the sterilization and temperature of the vehicle compartments, in order to eliminate factors which may influence quality of the products.

Improved efficiency of logistics and distribution

According to the ABC analysis of goods, the Group adjusted the division of warehousing and storage of goods. It also divided warehousing areas for suppliers of goods contained in boxes so that it could and distribute directly. With the discharging yards of suppliers being more or less fixed, the normal-temperature logistics centre successfully put the box automatic sorting system into operation, changing the traditional manual operation model and raising operation efficiency. For example, if the daily average quantity of goods contained in boxes and distributed out of the warehouse is about 5,000 boxes, it would cost about 8 hours by manual sorting, and about 3 hours by automatic sorting. Compared with manual sorting, automatic sorting would raise the working efficiency by about 62.5%. The Group also promoted the use of standardized pallets, and the reformation in design of standardized storage racks. Some of the storage racks were adjusted to freestyle gravity flow racks in order to reduce the waste of space. Large-batch goods were stored with entire columns or boards, in order to raise storage capacity of the logistics centre and the efficiency of logistics.

Operation results of retail business

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

	2015	2014	Increase/ Decrease
	RMB'000	*RMB'000*	
Retail business			
Hypermarkets	**1,300,442**	1,325,496	-1.9%
Supermarkets	**2,901,010**	2,937,405	-1.2%
Convenience stores	**306,134**	329,451	-7.1%
Department stores	**47,731**	52,281	-8.7%
(including commissions)	**41,065**	44,560	-7.8%
Online retail business	**53,114**	28,968	83.4%
Total retail principal operating income	**4,608,431**	4,673,601	-1.4%
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**15.7**	15.9	-0.2p.p

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 1.4%. This was mainly attributable to (i) the contraction of the offline retail market and the downward trend in same store sales under the influence of the operations of the macroeconomy and e-commerce; and (ii) four supermarkets and five convenience stores closed due to reconstruction and renovation work which resulted in a decrease in the sales, in 2015.

During the Reporting Period, the same store sales growth was -1.8%, versus -0.6% for the year ended 31 December 2014.

The gross profit margin generated from the directly-operated retail business (excluding department stores) decreased slightly from 15.9% in 2014 to 15.7% in the Reporting Period. This was mainly due to more profits surrendered by the Group to customers in order to obtain market shares in the highly competitive retail market during the Reporting Period.

WHOLESALE BUSINESS

Striving hard to develop the business of supplying through e-commerce

During the Reporting Period, the Group continued to expand the e-commerce supplying business and established professional e-commerce subsidiaries. It kept on enriching the types and brands of goods operated online, in which supplemented the goods sold offline. At the same time, it strengthened the cooperation with major e-commerce platforms to develop offline selling of its online brands, giving full play to the advantage of terminal distribution to realize the advantage of systematic development. The independently-developed WeChat photo printer increased the promotion and fans-gathering effect of the app “Qu Mei Ba (去美吧)”. Based on the new media platform “Qu Mei Ba” and the mainstream media platforms, the Group can better realize the interaction between the online and offline businesses and achieve a win-win situation. In order to further satisfy the Company’s need to supply of goods online and to raise its service level as an e-commerce supplier, the Group had also established branch warehouses in Shanghai and in Guangzhou.

Extending towards upstream operations and optimizing product mix

During the Reporting Period, the Group kept on introducing strong brands, expanding and opening up sales channels, and raising its market share. It promoted the development and marketing of tailor-made products, and launched the “Volcano Spring of ArxanShan” (518 ml or 338 ml), which was sold all over the country, rapidly expanding its domain of sales. In doing so, it upheld the implementation of the Group’s development strategy of having its own brands. In the past, the Group’s own brands only covered articles of everyday use, but now it has been expanded to cover leisure foods. The Group also pushed forward the works of packaging design and brand promotion. At the same time, it extended its business to upstream operations, namely, to produce leisure foods of its own brand.

Upgrading the logistics and distribution system for better services

During the Reporting Period, the logistics centre succeeded in launching the new systems for No. 1 and No. 2 warehouses on schedule The use of RF portable terminals caused the WMS system of logistics to realize instant management of warehousing space, increasing the time efficiency of logistics, improving the accuracy of operation, and reducing the randomness of manual operation. At the same time, it realized accurate recording and measurement of workload of staff, providing effective support for refined management of logistics. The logistics centre successfully inspected and accepted goods through the logistics standardization project. Supported by the general social environment of national pallet standardization, and pro-actively following the general trend of exemption from inspection of goods transported through pallets, it will realize supply chain integration, raise overall operation efficiency of the supply chain, and reduce overall cost of the supply chain.

Operation results of wholesale business

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

	2015	2014	Increase/ Decrease
	RMB'000	*RMB'000*	
Wholesale principal operating income recognized by Chaopi Group*	**6,513,255**	5,858,197	11.2%
Less: Intersegment Sales	**(574,535)**	(551,096)	4.3%
Sales to franchisees	**5,836**	6,158	-5.2%
Total wholesale principal operating income	**5,944,556**	5,313,259	11.9%
Gross profit margin **(%)	**9.1**	9.4	-0.3p.p

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

** *This represents gross profit margin recognized by Chaopi Trading and its subsidiaries including intersegment sales.*

During the Reporting Period, the wholesale principal operating income recognized by Chaopi Group increased by approximately 11.9% and was mainly due to (i) more sales promotions were launched in order to increase market share; (ii) the introduction of sales contribution from e-commerce supplier business in the second half of year 2014; and (iii) the introduction of sales contribution from newly introduced distributorship brands.

During the Reporting Period, the decrease in the gross profit margin of wholesale business recognized by Chaopi Group by approximately 0.3 percentage point was mainly due to (i) the restrictions of public-fund spending imposed by the government which resulted in a continuous 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

	2015	2014	Increase/ Decrease
	RMB'000	*RMB'000*	
Principal operating income	**10,572,672**	10,007,135	5.7%
Gross profit	**1,352,009**	1,331,557	1.5%
Gross profit margin (%)	**12.8%**	13.3%	-0.5p.p
Earnings before interest and tax	**275,325**	317,260	-13.2%
Net profit	**72,346**	88,862	-18.6%
Net profit margin(%)	**0.7%**	0.9%	-0.2p.p
Net profit attributable to shareholders of the parent company	**24,865**	41,330	-39.8%
Net profit margin attributable to shareholders of the parent company (%)	**0.2%**	0.4%	-0.2p.p

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income increased by approximately 5.7%, of which retail principal operating income decreased by approximately 1.4%, and wholesale principal operating income increased by approximately 11.9%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group increased by approximately 1.5% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 12.8% (2014: 13.3%).

OTHER INCOME

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

The Group's other income increased from RMB883,623,577 in 2014 to RMB959,804,975 by approximately 8.6% 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 stores.

SELLING EXPENSES

Selling expenses mainly comprise of salary and welfare, depreciation and amortization, energy fee, rental expenses, repair and maintenance expenses, transportation expenses, software service expenses, packing expenses, and advertising and promotion expenses.

The Group's selling expenses were RMB1,711,479,315 during the Reporting Period, representing an increase of approximately 7.7% compared to the corresponding period in 2014. The increase was primarily due to (i) the employee pay increased as the legal minimum wage improved; (ii) the increase in advertisement fees and promotional fees targeted at the terminals of the wholesale business, along with the extension scale of sales in 2015; (iii) the increase in transportation expenses and warehouse rentals, especially the cost on the logistics of distribution, due to an increase in sales in the wholesale business.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly comprise salary and welfare, social security costs (including retirement benefit contribution), entertainment expense and expenses of taxation.

The Group's administrative expenses were RMB269,212,240 during the Reporting Period, representing an increase of approximately 0.2% compared to the corresponding period in 2014. The increase was mainly because of the increased costs involving retirement benefit contribution, housing reserves and other social insurance relating to the wages.

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 decreased from RMB170,990,341 in 2014 to RMB151,703,085 during the Reporting Period. This was primarily due to the domestic financial institutions cut their benchmark interest rates on deposits and lending, thus the Group's financing costs also fell.

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 RMB43,640,848 in 2014 to RMB41,033,483 in 2015, primarily due to the decrease of taxable profits in 2015.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

The net profit attributable to shareholders of the parent company decreased by approximately 39.8% from RMB41,329,845 in 2014 to RMB24,864,512 in 2015. The decrease was mainly attributable to the 13.2% decrease of EBIT.

BASIC EARNINGS PER SHARE

The Group recorded basic earnings per share of approximately RMB0.06 for 2015, which was calculated on the basis of the number of 412,220,000 shares, representing approximately 40% lower than the RMB0.10 of 2014.

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 2015, the Group had non-current assets of RMB2,485,216,757 (comprising of fixed assets, investment properties and land use rights of RMB1,444,120,959), and non-current liabilities of RMB803,232,175 (comprising mainly bonds payable of RMB746,158,430).

As at 31 December 2015, the Group had current assets of RMB5,885,553,645. Current assets mainly comprised of cash and cash equivalents of RMB574,168,439, inventories of RMB1,573,547,038, accounts receivable of RMB1,824,268,380 and prepayments and other receivables of RMB1,513,543,368. The Group had current liabilities of RMB5,458,024,515. Current liabilities mainly comprised of accounts payable and notes payable of RMB1,825,567,439, short-term borrowings of RMB2,746,099,901 and advance from customers and other payables of RMB657,586,242.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 31 December 2015, the Group had bank loans of RMB2,841,099,901, which consisted of accounts receivable factored bank loans of RMB107,814,886, secured bank loans of RMB95,000,000, unsecured bank loans of RMB2,638,285,015. All the Group's bank loans bear interest rates ranging from 4.05% to 4.6% per annum. The secured bank loans were secured by certain of the Group's buildings and investment properties with aggregate net book values of RMB49,818,814.

Certain of the Group's margin deposits of RMB138,005,266 were pledged for notes payable of RMB624,557,573 as at 31 December 2015.

As at 31 December 2015, the Group's gearing ratio* is approximately 74.8%, which is slightly higher than that of 71.1% as at 31 December 2014.

* *Represented by: Total Debt/Total Asset*

FOREIGN CURRENCY RISK

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

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 2015, the Group employed 8,141 employees in the PRC (31 December 2014: 8,364). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB731,792,115 (2014: RMB628,860,680). The staff emolument (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% (2014: 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 above mentioned annual contributions. The Group's contributions to the defined contribution retirement benefits schemes amounted to approximately RMB67,298,618 for the Reporting Period (2014: RMB64,699,619).

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 66 seminars during the year, and more than 5,200 employees have benefited from them.

ESTABLISHMENT OF FIVE SUBSIDIARIES

On 29 January 2015, the Group, through its non-wholly owned subsidiary Chaopi Trading established a subsidiary, Beijing Chaopi Zhaoyang E-commerce Company Limited ("Chaopi Zhaoyang"), to engage mainly in the e-commerce business. The registered capital of Chaopi Zhaoyang was RMB20,000,000, which has been fully paid up by Chaopi Trading. The Company held an indirect equity interest of approximately 79.85% in Chaopi Zhaoyang.

On 31 July 2015, the Group established a training school, Beijing Chaoyang Jingkelong Vocational Skills Training School ("Training School"), which primarily engaged in training junior and mid-level sales-assistant, tally clerk and cashier. The start-up capital was RMB500,000, which has been fully paid by the Company. The Company held an equity interest of 100% in Training School.

On 27 August 2015, the Group through its wholly-owned subsidiary Beijing Jingkelong ShouChao Company Limited ("Jingkelong Shouchao") established a subsidiary, Beijing Jingkelong Haotian Hotel Management Company Limited ("Haotian Hotel"), to engage in the hotel management, food marketing and leasing commercial real estate. The registered capital of Haotian Hotel was RMB5,000,000, which has been fully paid up by Jingkelong Shouchao. The company held an indirect equity interest of 100% in Haotian Hotel.

On 16 October 2015, the Group, through its non-wholly owned subsidiary Chaopi Trading's non-wholly owned subsidiary Beijing Chaopi Maolisheng Trading Company ("Chaopi Maolisheng"), established a subsidiary, Chaopi Maolisheng (Hongkong) Company Limited ("Maolisheng Hongkong"), to engage in operating activities of export and import trading, cosmetics, food, medical device, design, storage and electronic devices. The registered capital of Maolisheng Hongkong was HKD10,000. The Company held an indirect equity interest of approximately 51.90% in Maolisheng Hongkong.

On 30 December 2015, the Group, through its non-wholly owned subsidiary Chaopi Trading established a subsidiary, Beijing Chaopi Tianshi Information Technology Company Limited ("Chaopi Tianshi"), to specialize in the agency and distribution business which carried maternal and baby products and healthy food. The registered capital of Chaopi Tianshi was RMB20,000,000, which has been fully paid up by Chaopi Trading. The Company held an indirect equity interest of approximately 79.85% in Chaopi Tianshi.

MERGER AND ACQUISITION INVOLVING TWO ENTERPRISES NOT UNDER COMMON CONTROL

On 17 November 2015, the Group, through its non-wholly owned subsidiary Chaopi Trading merged and acquired 60% equity interest of Beijing Chaopi Xinyishangzhen Food Company Limited ("Xinyishanghen") and contributed additional capital into Xinyishangzhen with other equity holders. As at that date, the registered capital of Xinyishangzhen increased from RMB500,000 to RMB40,000,000. Upon completion of the acquisition and capital increase, the equity interest in Xinyishangzhen was directly held by Chaopi Trading as to 60% with RMB24,000,000. As at 17 November 2015, the Company held an indirect equity interest of 47.91% in Xinyishangzhen.

On 23 November 2015, the Group, through its non-wholly owned subsidiary Chaopi Trading's non-wholly owned subsidiary Xinyishangzhen, merged and acquired 100% equity interest of Beijing Shangzhen Food Company Limited ("Shangzhen Food") at a totally investment of RMB5,050,000. As at 23 November 2015, the Company held an indirect equity interest of 47.91% in Shangzhen Food.

CAPITAL INCREASE OF FIVE NON-WHOLLY OWNED SUBSIDIARIES

On 17 March 2015, Chaopi Trading contributed an additional capital injection of RMB10,000,000, which has been fully paid up by Chaopi Trading, into a wholly owned subsidiary, Taiyuan Chaopi Trading Company Limited ("Taiyuan Chaopi"), increasing the registered capital of Taiyuan Chaopi from RMB5,000,000 to RMB15,000,000. After the increase of registered capital, the Company became a holder of an indirect equity interest of approximately 79.85% in Taiyuan Chaopi.

On 22 April 2015, the Group, through its non-wholly owned subsidiary Beijing Chaopi Jinglong Oil Sales Company Limited ("Chaopi Jinglong") and an existing investor collectively contributed an additional capital injection of RMB12,000,000 in proportion to their existing holding, to Beijing Chaopi Yuli Trading Company Limited ("Chaopi Yuli"), which has been fully paid up by Chaopi Jinglong and such existing investor, increasing the registered capital of Chaopi Yuli from RMB12,000,000 to RMB24,000,000. After the increase of registered capital, the Company became a holder of an indirect equity interest of approximately 30.31% in Chaopi Yuli.

On 10 August 2015, the Group, through its non-wholly owned subsidiary Chaopi Trading and an existing investor Ms. Du Jianxin collectively contributed an additional Capital injection of RMB25,000,000 in proportion to their existing holdings, into Chaopi Maolisheng, Chaopi Trading's non-wholly owned subsidiary, which increasing the registered capital of Chaopi Maolisheng from RMB50,000,000 to RMB75,000,000. As at date of announcement, Ms. Du Jianxin has not paid RMB1,750,000 to Chaopi Maolisheng. After the increase of registered capital, the Company held an indirect equity interest of approximately 51.90% in Chaopi Maolisheng.

On 15 September 2015, the Group, through its non-wholly owned subsidiary Beijing Chaopi Zhongde Trading Company Limited ("Chaopi Zhongde"), contributed an additional Capital injection amounted to RMB8,000,000 with other investors collectively in proportion to their existing holdings, into its subsidiary Chaopi Fangsheng Trading Company Limited ("Chaopi Fangsheng"), which increasing the registered capital of Chaopi Fangsheng from RMB12,000,000 to RMB20,000,000. After the increase of registered capital, the company held an indirect equity interest of approximately 63.88% in Chaopi Fangsheng. On 18 November 2015, Chaopi Zhongde transferred its 10% shares in the Chaopi Fangsheng to an independent third party (Mr. Wei Zifeng). The total investment contributed by Chaopi Zhongde was decreased from RMB16,000,000 to RMB14,000,000. After transferring the stock right, the Company held an indirect equity interest of approximately 55.90% in Chaopi Fangsheng.

On 10 November 2015, the Group and other investors collectively contributed an additional capital injection of RMB3,900,775 and RMB2,899,225 respectively into a subsidiary, Beijing Xinyang Tongli Commercial Facilities Company Limited ("Xinyang Tongli"), increasing the registered capital of Xinyang Tongli from RMB3,200,000 to RMB10,000,000. After the increase of registered capital, the Company held an direct equity interest of approximately 55.66% in Xinyang Tongli.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2015, the Group had the following significant events:

On 21 March 2016, the directors of the Company proposed the payment of a dividend of RMB0.05 per share to shareholders. The proposal of dividend distribution mentioned above is subject to be approved by the shareholders at Annual General Meeting of the Company on 27 May 2016. This recommendation has not been incorporated in the consolidated financial statements as a liability. The proposed dividend shall be paid to shareholders whose name appear on the register of members on 8 June 2015. The estimated amount of dividends in aggregate is RMB20,611,000.

On 19 February 2016, the Group, through its non-wholly owned subsidiary Chaopi Trading established a subsidiary, Beijing Chaopi International Trading Company Limited ("Chaopi International Trading"), to mainly engage in exploring the e-commence in products across borders. The registered capital of Chaopi International was RMB5,000,000, which has not been paid up by Chaopi Trading. The Company held an indirect equity interest of approximately 79.85% in Chaopi International Trading.

On 2 February 2016, the Company issued of the year 2016 the first phase of short-term bonds with a coupon rate of 3.43%, a term of maturity of 366 days, value date to be 3 February 2016 and interest date to be 3 February 2017 in aggregate amounting to RMB300 million through Bank of Beijing Co., Ltd. according to the signed "Interbank bonds market debt financing instruments of non-financial enterprises underwriting agreement". As at date of announcement, the Company has received all raised capital used to issue this short-term bond.

STRATEGIES AND PLANS

Looking ahead into 2016, there will still be both opportunities and challenges in the retail and wholesale industry in which the Group has a presence. In face of such upcoming pressures and opportunities, the Group must respond quickly by continuing to accelerate innovation and transformation:

Utilizing mobile internet technologies to expand advantages in community-based physical retail stores

The Group will keep on utilizing the advantage of resources of physical stores, and continually improve and enrich functions of the online mobile app. It will enrich online marketing activities using the principles of "goods, services and costs" as a starting point and will realize the concurrent development of online and offline businesses. Based on the development trend that small-scale and refined community stores and convenience stores will be the growth points of the retail business in the future, the Group shall depend on its self-operated logistics system and mobile app platform to innovate a small-scale development operation model and will try to open community stores with live and fresh merchandise as the main thread, and with online and offline businesses integrated. This would strengthen business operations of live and fresh merchandise, staple foods, kitchenware and goods of everyday use in order to satisfy the needs for the livelihood of community residents. Also, it will raise the capacities of operation and management of supply chains of live and fresh merchandise, as well as strengthen the packaging, standard and brand orientations of its business operation, so as to realize the upgrading of structure and quality of live and fresh merchandise, and upgrading of equipment and facilities, while consolidating the customer-gathering capacity and competitive edge of physical stores. With consumers' diverse needs at the centre of its business, the Group will attach great importance to the reduction of costs such as money cost, time cost and cost of purchase by customers, etc., and will use different measures to reduce various costs such as cost of enterprise management, wastage and human resources etc.

Adapting to new changes in the e-commerce market by carrying out transformation of the wholesale business

The Group will innovate the traditional mode of business operation and, through exchange and sharing of information and data, reform its relationship with suppliers and retailers. It will change gaming of price into sharing of value. It will consolidate its offline businesses and expand its online businesses, and emphasize constructing a system of "Online Chaopi". It will establish its presence on the domestic market and explore global sourcing of goods. It will keep on enriching the types and brands of goods in online business operation, which will supplement offline product categories. It will accelerate the development of its own brands, tailor-made goods and imported goods, so as to gain the advantage of systematic development.

Continuing to strengthen the logistics and distribution system

The distribution centre of live and fresh merchandise will be transformed towards the directions of products with small packaging, heavy processing and high added value. The Group will continue to promote the forwarding of food processing of vegetables, fruits and meats, and reduce labour pressure on storefronts, shift primary processing of live-fresh produce and develop more refined processing, and extend the value chain of live and fresh products to the production section. The Group will also continue to improve profit margins, and allow the normal-temperature logistics centre to sort out the operational flow bit by bit, so as to bring out the production efficiency of large and small sorting machines. It will expand flow capacity of passing-type goods and raise efficiency of distribution. At the same time, it will strengthen cooperation with the suppliers. Through management of segmented purchase of batch goods, and management and control of immovable sales goods, it will further shorten the number of days of turnover of goods and raise the turnover efficiency. The wholesale logistics centre will continue to promote the standardization of logistics and gradually realize real-time feedback of information and data of physical distribution, analyse and control logistics cost from multiple angles, and improve overall logistics efficiency by utilizing the upgraded system. At the same time, it will expand the business scope of third-party logistics and increase logistics profitability.

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 2015 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 Ruihua Certified Public Accountants 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 2015 as set out in the Annual Results Announcement have been agreed by the Group's auditor, Ruihua Certified Public Accountants LLP, to the amounts set out in the audited consolidated financial statements of the Group. The work performed by Ruihua Certified Public Accountants 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 Ruihua Certified Public Accountants 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 RMB0.05 (2015: RMB0.10) per share (tax inclusive) in respect of the Reporting Period to shareholders on the register of members on 8 June 2016. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position. The arrangement of the closure of the register of shareholders of H shares of the Company (the "H Shares") regarding shareholders' dividends will be announced in the notice the 2015 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 2015 Annual General Meeting of the Company. The dividends to be distributed will be denominated and declared in Renminbi. Distribution of the 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 convening the 2015 Annual General Meeting at which the final dividends is 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 2015 final dividend 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 on Wednesday, 8 June 2016. 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 on Wednesday, 8 June 2016 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 2015 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號文件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 2015 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 2015 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 in the register of members of the Company on Wednesday, 8 June 2016 (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 2016. 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 2016. 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 Saturday, 7 May 2016 to Friday, 27 May 2016, 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 Friday, 6 May 2016 are entitled to attend and vote at the 2015 Annual General Meeting following completion of the registration procedures. To qualify for attendance and voting at the 2015 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 Friday, 6 May 2016. Holders of domestic shares of the Company (the "Domestic Shares") whose names appear on the register of shareholders of the Company at 4:30 p.m., the close of business on Friday, 6 May 2016 are entitled to attend and vote at the 2015 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 Friday, 3 June 2016 to Wednesday, 8 June 2016, 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 Wednesday, 8 June 2016 are entitled to the 2015 final dividend (if any). To qualify for entitlement of the 2015 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 4:30 p.m. on Thursday, 2 June 2016. 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 2015 Annual General Meeting will be held on Friday, 27 May 2016. The notice of the 2015 Annual General Meeting will be sent to the shareholders of the Company together with the 2015 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 2015 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 2015 Annual Report will be available on the HKExnews and the website of the Company, and despatched to Shareholders on or about Monday, 11 April 2016.

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

Beijing, PRC
21 March 2016

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