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北京京客隆商業集團股份有限公司

BEIJING JINGKELONG COMPANY LIMITED*

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

(Stock Code: 814)

CONNECTED TRANSACTIONS IN RELATION TO THE 2023 LEASE AGREEMENTS

THE 2023 LEASE AGREEMENTS

As the Existing Lease Agreements will expire on 31 December 2023 and the Board intends to continue to lease certain properties leased under the Existing Lease Agreements, on 15 December 2023, (i) the Company (as lessee) entered into the 2023 Chaofu Lease Agreement, 2023 Hongchao Weiye Lease Agreement I and 2023 Jin Chaoyang Lease Agreement with Chaofu Company, Hongchao Weiye and Jin Chaoyang (each as lessor), respectively, and (ii) Chaopi Trading (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2023 Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor).

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. Accordingly, the entering into of the 2023 Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the transactions contemplated under the 2023 Lease Agreements are of a similar nature and were all entered into on the same date, and the lessors under the 2023 Lease Agreements belong to the same group of connected persons of the Company as mentioned above, such transactions are required to be aggregated pursuant to the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the total rentals payable by the

* *For identification purposes only*

Group on an aggregate basis under the 2023 Lease Agreements is more than 0.1% but less than 5%, the entering into of the 2023 Lease Agreements is subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

Reference is made to (i) the announcements of the Company dated 27 October 2008 and 18 June 2012 in relation to, *inter alia*, the lease of properties by Chaofu Company to the Group, and (ii) the announcement of the Company dated 5 March 2021 in relation to the lease of properties by Hongchao Weiye and Jin Chaoyang to the Group.

As the Existing Lease Agreements will expire on 31 December 2023 and the Board intends to continue to lease certain properties leased under the Existing Lease Agreements, on 15 December 2023, (i) the Company (as lessee) entered into the 2023 Chaofu Lease Agreement, 2023 Hongchao Weiye Lease Agreement I and 2023 Jin Chaoyang Lease Agreement with Chaofu Company, Hongchao Weiye and Jin Chaoyang (each as lessor), respectively, and (ii) Chaopi Trading (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2023 Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor).

2. THE 2023 LEASE AGREEMENTS

Set out below is a summary of the principal terms of each of the 2023 Lease Agreements:

I. 2023 Chaofu Lease Agreement

Date: 15 December 2023

Lessee: The Company

Lessor: Chaofu Company

Property to be leased: The lease of the following five properties located in Chaoyang District, Beijing, the PRC, with a total gross floor area of 5,606.92 sq.m. (the “**Chaofu Properties**”) is renewed:

- (i) Block No. 4, Hongmiao North Lane, Chaoyang District, Beijing * (北京市朝陽區紅廟北里4號樓);
- (ii) No. 14, Zone 2, Gaojiayuan, Chaoyang District, Beijing* (北京市朝陽區高家園二區14號);

- (iii) Block No. 9, Fatou North Lane, Chaoyang District, Beijing* (北京市朝陽區垡頭北里9號樓院);
- (iv) The South of Block No. 22, Nongguang Lane, Chaoyang District, Beijing* (北京市朝陽區農光里22號樓南側); and
- (v) Block No. 22, Nongguang Lane, Chaoyang District, Beijing* (北京市朝陽區農光里22號樓).

Renewed lease term: The renewed lease term of the Chaofu Properties will commence on 1 January 2024 and end on 30 June 2024.

Fixed total rental: RMB333,559.57

II. 2023 Hongchao Weiye Lease Agreement I

Date: 15 December 2023

Lessee: The Company

Lessor: Hongchao Weiye

Property to be leased: The lease of a total of 43 properties located in Chaoyang District, Beijing, the PRC with a total gross floor area of 77,794.46 sq.m. (the “**Hongchao Weiye Properties I**”) is renewed.

Renewed lease term: The renewed lease term of the Hongchao Weiye Properties I will commence on 1 January 2024 and end on 30 June 2024.

Fixed total rental: RMB4,225,047.81

Among the Hongchao Weiye Properties I, (i) 23 properties are for the purpose of operating 21 convenience stores with a total gross floor area of 17,508.26 sq.m., (ii) 1 property is for the purpose of operating a live and fresh produce logistics centre with a gross floor area of 12,239.16 sq.m., and (iii) 19 properties are for the purpose of operating 14 supermarkets, with a total gross floor area of 48,047.04 sq.m.

III. 2023 Hongchao Weiye Lease Agreement II

Date: 15 December 2023

Lessee: Chaopi Trading

Lessor:	Hongchao Weiye
Property to be leased:	The lease of Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing* (北京市朝陽區雙龍南里204號樓) with a gross floor area of 9,051.6 sq.m. (the “ Hongchao Weiye Property II ”) is renewed.
Renewed lease term:	The renewed lease term of the Hongchao Weiye Property II will commence on 1 January 2024 and end on 30 June 2024.
Fixed total rental:	RMB472,260.37

IV. 2023 Jin Chaoyang Lease Agreement

Date:	15 December 2023
Lessee:	The Company
Lessor:	Jin Chaoyang
Property to be leased:	The lease of 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) with a gross floor area of 15,000 sq.m. (the “ Jin Chaoyang Property ”) is renewed.
Renewed lease term:	The renewed lease term of the Jin Chaoyang Property will commence on 1 January 2024 and end on 30 June 2024.
Fixed total rental:	RMB1,834,125

In addition to the above terms, each of the 2023 Lease Agreements has stipulated that the lessee shall pay the rentals to the lessor in one lump sum upon signing of the agreement.

In determining the rentals payable in respect of the 2023 Lease Agreements, the Directors have taken into account (a) the rentals paid under the Existing Lease Agreements and (b) the prevailing market rentals of comparable properties in the area where the relevant properties are situated. The Group intends to use its internal resources to settle the rentals payable under the 2023 Lease Agreement.

3. 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. Accordingly, the entering into of the 2023 Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the transactions contemplated under the 2023 Lease Agreements are of a similar nature and were all entered into on the same date, and the lessors under the 2023 Lease Agreements belong to the same group of connected persons of the Company as mentioned above, such transactions are required to be aggregated pursuant to the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the total rentals payable by the Group on an aggregate basis under the 2023 Lease Agreements is more than 0.1% but less than 5%, the entering into of the 2023 Lease Agreements is subject to the reporting and announcement requirements, but is exempt from the circular 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 has any material interest in any of the 2023 Lease Agreements and is required to abstain from voting on the relevant Board resolution of the Company in respect of the 2023 Lease Agreements.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 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 Existing 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 (including the independent non-executive Directors) are of the view that it is beneficial for the Group to continue to lease the properties from Chaofu Company, Hongchao Weiye and Jin Chaoyang under the 2023 Lease Agreements to ensure the stability and continuity of the Group's operations, saving administrative costs associated with searching for comparable replacement of properties and capital expenditure in relocation and renovation.

Further, the terms of the 2023 Lease Agreements (including the rentals involved) have been arrived at after arm's length negotiations between the parties thereto, with reference to, *inter alia*, the rentals paid under the Existing Lease Agreements and the prevailing market rentals of comparable properties in the area where the relevant properties are situated.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the 2023 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 2023 Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. 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 joint stock limited company incorporated 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.

6. 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.

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 Existing 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 Chaofu Properties
“2023 Hongchao Weiye Lease Agreement I”	the supplemental agreement to the Existing 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 Hongchao Weiye Properties I
“2023 Hongchao Weiye Lease Agreement II”	the supplemental agreement to the Existing 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 Hongchao Weiye Property II
“2023 Jin Chaoyang Lease Agreement”	the supplemental agreement to the Existing 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 Jin Chaoyang Property
“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
“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 Properties”	has the meaning ascribed to it under the section headed “2. The 2023 Lease Agreements – I. 2023 Chaofu Lease Agreement” in this announcement
“Chaopi Trading”	北京朝批商貿股份有限公司 (Beijing Chaopi Trading Company Limited*), a joint Stock Limited company incorporated in the PRC 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
“Domestic Shareholder(s)”	the holder(s) of the Domestic Share(s)
“Existing 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
“Existing 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
“Existing 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

“Existing 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
“Existing Lease Agreements”	collectively, the Existing Chaofu Lease Agreements, Existing Hongchao Weiye Lease Agreement I, Existing Hongchao Weiye Lease Agreement II and Existing Jin Chaoyang Lease Agreement
“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
“H Shareholder(s)”	holder(s) of H Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Hongchao Weiye Properties I”	has the meaning ascribed to it under the section headed “2. The 2023 Lease Agreements – II. 2023 Hongchao Weiye Lease Agreement I” in this announcement
“Hongchao Weiye Property II”	has the meaning ascribed to it under the section headed “2. The 2023 Lease Agreements – III. 2023 Hongchao Weiye Lease Agreement II” in this announcement
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Jin Chaoyang Property”	has the meaning ascribed to it under the section headed “2. The 2023 Lease Agreements – IV. 2023 Jin Chaoyang Lease Agreement” in this announcement

“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)
“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
sq.m.	square metre(s)
“%”	per cent.

* *For identification purposes only*

By Order of the Board
Beijing Jingkelong Company Limited
Pan Xuemin
Company Secretary

Beijing, the PRC
15 December 2023

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Liwei, Ms. Wang Hong, Mr. Li Shenlin and Mr. Zhang Hongbo; 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.