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 2016

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 2016 (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	**2016.12.31** *RMB*	2015.12.31 *RMB*
Current Assets:			
Cash and bank balances		**844,840,438**	718,323,705
Accounts receivable	*3*	**1,692,790,112**	1,824,268,380
Prepayments		**1,198,834,416**	1,366,408,098
Other receivables		**257,294,217**	147,135,270
Inventories		**1,724,194,672**	1,573,547,038
Other current assets		**293,270,673**	255,871,154
Total Current Assets		**6,011,224,528**	5,885,553,645
Non-current Assets:			
Available-for-sale financial assets		**29,753,200**	28,789,200
Investment properties		**134,563,814**	141,196,430
Fixed assets		**1,076,062,296**	1,144,144,901
Construction in progress		**108,915,935**	101,244,425
Intangible assets		**196,656,797**	193,284,906
Goodwill		**86,673,788**	86,673,788
Long-term prepaid expenses		**531,022,968**	582,568,122
Deferred tax assets		**22,812,594**	31,516,326
Other non-current assets		**184,762,165**	175,798,659
Total Non-current Assets		**2,371,223,557**	2,485,216,757
TOTAL ASSETS		**8,382,448,085**	8,370,770,402

	Notes	**2016.12.31** ***RMB***	2015.12.31 *RMB*
Current Liabilities:			
Short-term borrowings		**2,006,169,441**	2,746,099,901
Notes payable		**598,656,860**	624,557,573
Accounts payable	*4*	**1,224,230,304**	1,201,009,866
Advance from customers		**465,966,914**	458,476,201
Payroll payable		**2,111,358**	1,347,826
Taxes payable		**94,974,541**	78,474,759
Dividends payable		**3,796,189**	2,736,306
Other payables		**202,354,948**	199,110,041
Non-current liabilities due within one year		**–**	95,000,000
Other current liabilities		**865,282,645**	51,212,042
Total Current Liabilities		**5,463,543,200**	5,458,024,515
Non-current Liabilities:			
Long-term borrowings		**–**	–
Bonds payable		**747,573,030**	746,158,430
Provision		**–**	910,612
Deferred tax liabilities		**2,071,925**	1,986,869
Other non-current liabilities		**50,981,814**	54,176,264
Total Non-current Liabilities		**800,626,769**	803,232,175
TOTAL LIABILITIES		**6,264,169,969**	6,261,256,690
SHAREHOLDERS' EQUITY:			
Share capital		**412,220,000**	412,220,000
Capital reserves		**609,501,004**	609,308,148
Other comprehensive income		**2,672,758**	2,098,458
Surplus reserves		**142,729,211**	139,259,934
Undistributed profits	*5*	**476,230,980**	473,625,451
Total Equity Attributable to Shareholders of the Parent Company		**1,643,353,953**	1,636,511,991
Minority interests		**474,924,163**	473,001,721
TOTAL SHAREHOLDERS' EQUITY		**2,118,278,116**	2,109,513,712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,382,448,085**	8,370,770,402

CONSOLIDATED INCOME STATEMENT

		Notes	2016 RMB	2015 RMB
I.	**Total operating income**	*6*	**11,881,573,977**	11,532,477,247
	Including: Operating income		**11,881,573,977**	11,532,477,247
II.	**Total operating costs**		**11,780,020,654**	11,441,439,767
	Including: Operating cost	*6*	**9,502,184,820**	9,231,521,802
	Tax and surcharges		**52,261,797**	77,259,534
	Selling expenses		**1,791,313,559**	1,711,479,315
	Administrative expenses		**282,603,851**	269,212,240
	Financial expenses		**146,270,584**	151,703,085
	Impairment losses on assets		**5,386,043**	263,791
	Add: Investment income		**1,061,767**	1,073,676
III.	**Operating profit**		**102,615,090**	92,111,156
	Add: Non-operating income		**36,996,101**	26,500,116
	Including: Gains from disposal of non-current assets		**261,326**	37,143
	Less: Non-operating expenses		**5,161,154**	5,232,159
	Including: Losses from disposal of non-current assets		**3,863,761**	2,810,021
IV.	**Total profit**		**134,450,037**	113,379,113
	Less: Income tax expenses	*7*	**59,129,332**	41,033,483
V.	**Net profit**		**75,320,705**	72,345,630
	Net profit attributable to shareholders of the parent company		**26,685,806**	24,864,512
	Profit or loss attributable to minority interests		**48,634,899**	47,481,118
VI.	**Net value of other comprehensive income after tax**		**717,190**	(543,000)
	Net value of other comprehensive income attributable to shareholders of the parent company after tax		**574,300**	(433,585)
	Other comprehensive income which can be reclassified into profit or loss subsequently		**574,300**	(433,585)
	1. Gains or losses from changes in fair value of available-for-sale financial assets		**577,316**	(433,585)
	2. Translation differences of financial statements denominated in foreign currencies		**(3,016)**	–
	Net value of other comprehensive income attributable to minority interests after tax		**142,890**	(109,415)
VII.	**Total comprehensive income**		**76,037,895**	71,802,630
	Total comprehensive income attributable to shareholders of the parent company		**27,260,106**	24,430,927
	Total comprehensive income attributable to minority interests		**48,777,789**	47,371,703
VIII.	**Earnings per share:**			
	(I) Basic earnings per share	*8*	**0.06**	0.06
	(II) Dilutive 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). The registered capital of the Company is RMB412,220,000. The company's unified social credit code is 91110000101782670P. 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 ("SEHK") 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 2016.

The controlling shareholder of the Company is Beijing Chaoyang Auxiliary Food Company (the "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	**2016.12.31**	2015.12.31
Within 1 year	**1,547,446,756**	1,631,405,426
1-2 years	**39,759,450**	112,839,639
2-3 years	**25,562,640**	23,315
3-4 years	**21,266**	–
4-5 years	**–**	–
Over 5 years	**80,000,000**	80,000,000
Total	**1,692,790,112**	1,824,268,380

On December 31, 2016 and December 31, 2015, the Group had an amount of RMB80,000,000 due from Beijing Shoulian Group Company Limited (the "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 December 31, 2016, and December 31, 2015 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 year loan rate.

On December 31, 2016, the total accounts receivable due from Beijing Wu-mart Store Co., Ltd. (物美), Beijing Carrefour Commercial Co., Ltd. (家樂福), Beijing Lotus Supermarket Chain Co., Ltd. (易初蓮花), Yonghui Superstores Co. Ltd. (北京永輝超市有限公司), Beijing Jingdong Century Trade Co., Ltd. (京東), Jumei International Holdings Limited (天津聚美優品科技有限公司), Vipshop (China) Holdings Limited (唯品會), and Lefeng (Shanghai) Information Technology Company Limited (樂峰(上海)信息技術有限公司) amounted to RMB374,369,708 (December 31, 2015: RMB354,891,600) were limited by being factored to secure certain bank loans of the Group.

On 31 December 2016 and 31 December 2015, there were 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	**2016.12.31**	2015.12.31
Within 1 year	**1,203,278,502**	1,179,925,690
1-2 years	**10,459,241**	12,747,369
2-3 years	**6,307,175**	4,287,482
Over 3 years	**4,185,386**	4,049,325
Total	**1,224,230,304**	1,201,009,866

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 at December 31, 2016		
Undistributed profits at the beginning of year	**473,625,451**	
Add: Net profit attributable to the shareholders of the parent company for the year	**26,685,806**	
Less: Appropriation to statutory surplus reserve	**3,469,277**	**10%**
Ordinary shares' dividends payable	**20,611,000**	
Undistributed profits at the end of the year	**476,230,980**	
For the year ended at December 31, 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	

(1) Appropriation to statutory surplus reserve

On December 31, 2016, the undistributed profits of the Group included surplus reserves of subsidies in the period totaling RMB17,280,421 (December 31, 2015: RMB18,450,856).

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

According to the notice of the annual general meeting on May 27, 2016, a final dividend of RMB0.05 per share in respect of year ended December 31, 2015 was declared and paid to the shareholders of the Company. The aggregated amount of the final dividend declared and paid was RMB20,611,000.

According to the notice of the annual general meeting on May 28, 2015, a final dividend of RMB0.10 per share in respect of year ended December 31, 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.

On 22 March 2017, the Board of the Company proposed the payment of a dividend of RMB0.05 per share to shareholders in respect of year ended December 31, 2016. 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

	2016		2015	
Item	**Income**	**Cost**	Income	Cost
Principal operating	**10,847,004,705**	**9,493,825,874**	10,572,672,272	9,220,663,533
Other operating	**1,034,569,272**	**8,358,946**	959,804,975	10,858,269
Total	**11,881,573,977**	**9,502,184,820**	11,532,477,247	9,231,521,802

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

	2016		2015	
Item	**Principal operating income**	**Principal operating cost**	Principal operating income	Principal operating cost
Retail	**4,470,274,950**	**3,725,014,979**	4,608,431,038	3,852,568,439
Wholesale	**6,330,672,053**	**5,727,568,739**	5,944,556,336	5,353,202,348
Others	**46,057,702**	**41,242,156**	19,684,898	14,892,746
Total	**10,847,004,705**	**9,493,825,874**	10,572,672,272	9,220,663,533

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	2016	2015
Current income tax expense calculated in accordance with tax laws and relevant requirements	**50,581,544**	47,045,138
Deferred income tax	**8,547,788**	(6,011,655)
Total	**59,129,332**	41,033,483

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

Item	2016	2015
Accounting profit	**134,450,037**	113,379,113
Income tax expenses calculated at tax rate of 25%	**33,612,509**	28,344,778
Effect of subsidiary companies to adapt different tax rates	**(102,603)**	–
Effect of non-deductible expenses	**2,396,148**	4,350,877
Effect of non-taxable income	**(756,195)**	(754,699)
Effect of using deductible losses of previously unrecognized deferred tax assets	**(4,577)**	(695,704)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets	**17,681,083**	9,289,690
Effect of deductible losses recover of previously recognized deferred tax assets	**6,799,186**	–
Effect of adjusting the previous years' income tax	**(496,219)**	498,541
Income tax	**59,129,332**	41,033,483

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	2016	2015
Net profit attributable to ordinary shareholders for the current year	**26,685,806**	24,864,512
Including: Net profit from continuing operations	**26,685,806**	24,864,512

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	2016	2015
Number of ordinary shares outstanding	**412,220,000**	412,220,000

Earnings per share

Item	2016	2016
Calculated based on net profit and net profit from continuing operations attributable to shareholders of the parent company		
Basic earnings per share	**0.06**	0.06
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	2016.12.31	2015.12.31
Current assets	**6,011,224,528**	5,885,553,645
Less: Current liabilities	**5,463,543,200**	5,458,024,515
Net current assets	**547,681,328**	427,529,130

10. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	2016.12.31	2015.12.31
Total assets	**8,382,448,085**	8,370,770,402
Less: Current liabilities	**5,463,543,200**	5,458,024,515
Total assets less current liabilities	**2,918,904,885**	2,912,745,887

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the macro economy was under stable development in general with steady advancement. However, with the continual increase in labour and store rental costs, the rise of convenient shopping channels such as online and mobile shopping and the acceleration of upgrades in consumption, consumers are more willing to raise their quality of life and thus, their expenses on lifestyle. In addition, the focus of consumption has shifted from pure material satisfaction to the fulfillment brought by both the product and the attached product experience. The focus of consumption has also shifted from product-dominated to service-dominated. The combined effect of the above factors has posed enormous threats and challenges to the traditional economy. In response to the changes in the external environment and the needs of industry development, the Group centres itself on customers' needs by continuously adhering to the policy of "product+service", promoting innovation and reform, optimizing its product mix, strengthening the standardized operation of live and fresh produce, turning some of the convenient stores into stores selling live and fresh produce in the communities, promoting the integration of online and offline development via Jingkelong mobile app with an aim to satisfy consumers' needs on consumption, and bring about a better shopping experience to consumers, striving to prevent a slide in sales.

RETAIL BUSINESS

Adjusting store-opening strategies and improving the environment of the stores

During the Reporting Period, the Group adjusted its operational strategy for stores and was prudent in expanding its network of physical stores. It put more emphasis was put on improving the operational environment of currently stores, and by renewing their facilities and equipment, a better shopping experience was brought to the consumers. During the Reporting Period, the Group renovated and upgraded thirteen stores (including two supermarkets and eleven convenience stores). Throughout the year, the Group opened six convenience stores (including three directly-operated convenience stores, and three franchise-operated convenience stores). Due to reasons such as the expiration of leases and modifications to the stores making losses, the Group closed down six supermarkets, two directly-operated convenience stores, and eleven franchise-operated convenience stores during the Reporting Period.

The total number of the Group's retail outlets was 248 as at 31 December 2016. The following table sets out the number and net operating area of the Group's retail outlets as at 31 December 2016:

	Department Stores	Hypermarket	Supermarket	Convenience stores	Total
Number of retail outlets:					
Directly-operated	2	12	66	107	187
Franchise-operated	–	–	1	60	61
Total	**2**	**12**	**67**	**167**	**248**
Net operating area (square metres):					
Directly-operated	39,742	86,089	144,827	21,005	291,663
Franchise-operated	–	–	880	11,590	12,470
Total	**39,742**	**86,089**	**145,707**	**32,595**	**304,133**

Continuously adjusting the product mix to enhance product competitiveness

During the Reporting Period, the Group strengthened its communication with suppliers, paid greater attention to the consumption demand of the younger customer base, and introduced innovative and trendy products such as healthy leisure food, imported glassware, baby skincare and bath products, porcelain tableware and other daily commodities with vivid display, making those products the highlights in the stores in order to boost sales. The Group adhered to the principle of "wider variety of brands and less variety of products", combined the seasonal features of different types of products and analyzed factors including the brand, pricing, sales volume, promotions and display , in order to clear and eliminate products with low contribution on one hand and to enhance the efforts in introducing new products, increase the level of product concentration and speed up the product turnover rate on the other hand.

Focusing on the operation of live and fresh produce and exploiting the advantages in physical stores

In view of the growing popularity of high-quality, upgraded products in the market, the Group formulated the "Standards on Operation of Live and Fresh Produce 2.0" in terms of product variety, facilities and equipment, requirements in the display, ordering, receipt and storage, sale volume, clearing management and sanitary management during the Reporting Period, dedicating itself to the standards, norms and brand orientations of the operation of live and fresh produce, so as to improve the merchandising capability, customer-gathering capacity and profitability. During the Reporting Period, 73 outlets were upgraded and reformed according to the "Standards on Operation of Live and Fresh Produce 2.0". The catalog for compulsory and options products for all kinds of live and fresh produce were reconfirmed, and the products from popular brands were introduced. The layout of the stores were adjusted in order to promote the vivid display of live and fresh produce. The standards on the purchase and processing of live and fresh produce were updated and improved. The Group continued to promote the forwarding of processing of vegetables, fruits and meats, and put the processing of packed vegetables and meat forward to the base centre. The standardized packaging operation of live and fresh produce under the bar code system was implemented. The proportion of packed products in cartons and bags was increased so as to reduce on-site choosing, packing and weighting sessions. During the Reporting Period, the sales of vegetables, fruits, pork, beef and mutton save a year-on-year increased of approximately 4.8%.

Continually promoting the development of the mobile app business

During the Reporting Period, the Group continuously revised and optimized the Jingkelong app to improve user experience. In July 2016, the Group upgraded its original platform-shopping mode into the "supermarket shopping mode" by synchronizing the inventory of goods available at physical supermarkets to the online platform. With the connection of the offline physical stores to the online app through the intermediate system, consumers were able to browse and shop at the stores and choose to pick up the goods in stores themselves or have their goods delivered by the store according to their own needs. The categories model was adjusted from two levels to three levels. Live and fresh produce including vegetables, fruits, pork, beef, mutton and poultry was made available online with the number of varieties operated increasing to over 10,000, which widened the choice of products available to consumers. Meanwhile, themed columns including breakfast plans, afternoon tea plans, the secret books on seasoning, daily cosmetics shopping and anti-fog solutions were added the product planning for the app with corresponding sales promotions to increase consumers' incentive to browse and purchase.

Diversifying marketing approaches and service offering

During the Reporting Period, the Group continually organized season- or festival-themed marketing activities. For instance, the Group initiated the promotion of live and fresh produce under the theme of "Jingkelong's Autumn Festival of Vegetables and Fruits" (京客隆秋季蔬果節). Exclusive promotion to members was reinforced through member-only redemption activities and sales promotions offering extra discounts to members. The Group realized the online binding of membership cards of physical store members, the online and offline uses of bonus points and participation in members' rewards. The Group promoted and publicized special promotion pictures and texts on themed marketing activities through the official Wechat account of Jingkelong, sent out Wechat coupons on a regular basis, developed pre-sale on Wechat, increased the range of online activities on our products and accomplished rotation in the major sales outlets.

Further, in order to provide consumers with a convenient payment experience, the Group launched various payment methods in addition to payment via Wechat and Alipay, including mobile payment methods newly available, such as Apple Pay, Bestpay and Jingdong Wallet, and such diversification met consumers' need for fast payment channels for offline and online shopping.

Reinforcing the implementation of food safety management

During the Reporting Period, the Group strived to maintain a high level of food safety and to raise awareness on food safety to protect consumers' rights through vigorous education on the importance of food safety. New channels and new products were monitored in accordance with strict quality standards. Field inspections were also conducted on newly-introduced and high-risk channels, and any channels that did not meet the required quality standard were not introduced. In relation to storage management, strong emphasis was placed on product quality and expiration dates through constant inspections and non-periodic sample testing, so as to make timely reports when defective products were discovered. Further, management of the storage of products with relatively short shelf life was elevated through the shelf life early warning system. Based on the characteristics on the different seasons, the Group launched a month-long summer event on food quality and safety. Management of the storage of live and fresh produce was reinforced through strict supervision and control at various stages, from purchasing, to dispensing and to distributing.

Boosting logistics efficiency by optimizing logistics and distribution management

During the Reporting Period, the procedure of manual sorting of the cross-clocking commodities in the normal-temperature logistics centre was changed to automatic sorting using the automatic sorting machine with an aim to increase the efficiency of inspection, receipt and sorting. The operation of the logistics equipment management system, reduced the retention time of the logistics equipment in stores, increased the usage and turnover efficiency of the logistics equipment in stores and saved logistics costs. The Group continued to strengthen the reservation management of suppliers by arranging receipts in a reasonable manner according to the reservation of the suppliers, reducing the receipt time and avoiding the overloading of warehouses. To mitigate the problem of excess inventory in stores, the logistics centre allotted and distributed goods in batches as per the demand for large-batch goods of stores during festivals, holidays and sales promotion periods to reduce the inventory in stores and ensure the timely arrival of goods to stores.

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:

	2016	2015	Increase/ (Decrease)
	RMB'000	*RMB'000*	
Retail business			
Hypermarkets	**1,231,707**	1,300,442	-5.3%
Supermarkets	**2,819,204**	2,901,010	-2.8%
Convenience stores	**321,456**	306,134	5.0%
Department stores	**41,531**	47,731	-13.0%
(including commissions)	**35,381**	41,065	-13.8%
Online retail business	**56,377**	53,114	6.1%
Total retail principal operating income	**4,470,275**	4,608,431	-3.0%
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**16.1**	15.7	0.4p.p

During the Reporting Period, the retail principal operating income of the Group decreased by approximately 3.0%. This was mainly attributable to (i) affected by the macroeconomic downturn and consumer diversion to the e-commerce, the same store sales growth (the "SSSG") dropped by 3.38%; and (ii) the closing down of some loss-making stores in 2016 lead to a drop in retail sales during the Reporting Period.

The gross profit margin generated from the directly-operated retail business (excluding department stores) increased slightly from approximately 15.7% in 2015 to approximately 16.1% in the Reporting Period, this was mainly due to (i) carried out the standardization and packaging operation of live and fresh produce, resulting in loss reduction and an increase in gross profit margins; (ii) the implementation of the promotion policy, paid more attention on the results valuation of the price discount; and (iii) the expansion of the product mix.

WHOLESALE BUSINESS

Continuing to expand the e-commerce supplier business

During the Reporting Period, the Group continued to develop its e-commerce supply business, strengthen its cooperation with major e-commerce platforms and adhere to the goal of refined management by closely coordinating and cooperating with manufacturers and e-commerce platform operators, thereby achieving rapid growth in its e-commerce sales. As a distributor, the Group connected upstream manufacturers with e-commerce players while showcasing its advantages in various aspects, such as supply channels, logistics of distribution, storage management through different ways, including annual marketing planning, brand introductions, key festival promotions, key promotions and distribution arrangements of e-commerce platforms.

Continuing to optimize product mix and expand distribution network

During the Reporting Period, the Group continued developing tailor-made goods and its private brands, such as launching new brands for snacks, nuts and condiments, namely “Miaoshaoye”, “Shangzhen”, “Zhaoxixiangchu”, “Tiancijiashi” and “Moshifu”. The Group also took part in various promotional activities. In particular, the Group participated in the international food and beverage exhibition three consecutive times. The Group also joint hands with other private brand products and suppliers, such as honey from New Zealand and beer from Germany, so as to optimize its product mix and expanding its offline sales channels to build up its downstream retail customer base and consolidate and expand its distribution network.

Controlling logistics costs and enhancing logistics efficiency

During the Reporting Period, each warehouse in the distribution centers were reorganized according to the orders received (flow in large batches, multi-varieties for supermarkets in small batches, large quantity in sub-packages for convenience stores), and the nature of product storage (heavy goods, lightweight but large sized goods). Through upgrading the information management system and optimizing procedures, warehouse spaces were saved and logistics efficiency was enhanced, in turn making logistic costs well under control. The Group also strived to develop third-party logistics business through online advertising, and in-bus advertising, initiating tenders, making business presentations, etc. These efforts in total reached out to clients in need of third-party logistics services and expanded the breadth of third-party logistics services.

Operation results of wholesale business

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

	2016	2015	Increase/ (Decrease)
	RMB'000	*RMB'000*	
Wholesale principal operating income recognized by Chaopi Group*	**6,822,481**	6,513,255	4.7%
Less: Intersegment Sales	**(495,624)**	(574,535)	-13.7%
Sales to franchisees	**3,815**	5,836	-34.6%
Total wholesale principal operating income	**6,330,672**	5,944,556	6.5%
Gross profit margin **(%)	**8.8**	9.1	-0.3p.p

* *Chaopi Group represents Beijing Chaopi Trading Company Limited (the "Chaopi Trading") 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 6.5% and was mainly due to (i) an increase in the launch of sales promotions in order to increase market share space;(ii) the introduction of sales contribution from the rapid growth in the sales to e-commerce suppliers; and (iii) the introduction of sales contribution from newly introduced distribution brands.

During the Reporting Period, the decrease in the gross profit margin of wholesale business recognized by Chaopi Group was approximately 0.3 percentage points and was mainly due to the adoption of multiple sales promotions with suppliers, which in turn reduced the gross profit margin.

FINANCIAL RESULTS

	2016 *RMB'000*	2015 *RMB'000*	Increase/ (Decrease)
Principal operating income	**10,847,005**	10,572,672	2.6%
Gross profit	**1,353,179**	1,352,009	0.1%
Gross profit margin (%)	**12.5**	12.8	-0.3p.p
Earnings before interest and tax	**283,504**	275,325	3.0%
Net profit	**75,321**	72,346	4.1%
Net profit margin (%)	**0.7**	0.7	–
Net profit attributable to shareholders of the parent company	**26,686**	24,865	7.3%
Net profit margin attributable to shareholders of the parent company (%)	**0.2**	0.2	–

PRINCIPAL OPERATING INCOME

During the Reporting Period, the Group's principal operating income increased by approximately 2.6%, of which retail principal operating income decreased by approximately 3.0%, and wholesale principal operating income increased by approximately 6.5%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group increased by approximately 0.1% compared with the last corresponding period. During the Reporting Period, the gross profit margin was 12.5% (2015: 12.8%).

OTHER INCOME

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

The Group's other income increased from RMB959,804,975 in 2015 to RMB1,034,569,272 by approximately 7.8% during the Reporting Period, mainly due to the increase of income from promotional activities 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, service fee, packing expenses, and advertising and promotion expenses.

The Group's operating expenses were RMB1,791,313,559 during the Reporting Period, representing an increase of approximately 4.7% compared to the corresponding period in 2015. The increase was primarily due to (i) the increased depreciation expenses of fixed assets along with the scale expansion in capital assets; (ii) the increase in transportation expenses, especially the cost for logistics of distribution, due to an increase in sales in the wholesale business; and (iii) the increased spending on IT service fees in view of the development of the online wholesale business.

ADMINISTRATIVE EXPENSES

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

The Group's administrative expenses were RMB282,603,851 during the Reporting Period, representing an increase of approximately 5.0% compared to the corresponding period in 2015. 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 RMB151,703,085 in 2015 to RMB146,270,584 during the Reporting Period. This was primarily because domestic financial institutions cut the deposit and lending benchmark rate, issued low interest rate short-term debentures, which all in all decreased the financing costs of the Group.

INCOME TAX EXPENSE

The Group's subsidiary Chaopi Maolisheng (Hong Kong) Company Limited (the "Maolisheng (Hong Kong)") and Hong Kong Chaopi Asia Company Limited (the "Chaopi Hong Kong") was registered and established in Hong Kong. In accordance with Hong Kong taxation law, the relevant corporate income tax rate was 16.5%.

Except for Maolisheng (Hong Kong) and Chaopi Hong Kong, other 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 increased from RMB41,033,483 in 2015 to RMB59,129,332 in 2016, primarily due to the increase in 2016 taxable profits.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

The net profit attributable to shareholders of the parent company increased by approximately 7.3% from RMB24,864,512 in 2015 to RMB26,685,806 in 2016. The increase was mainly attributable to the 3.0% increase of EBIT and the increase in retail profit.

BASIC EARNINGS PER SHARE

The Group recorded basic earnings per share of approximately RMB0.06 for 2016, the same as 2015, which was calculated on the basis of the number of 412,220,000 shares.

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 2016, the Group had non-current assets of RMB2,371,223,557 (comprising of fixed assets, investment properties and land use rights of RMB1,364,194,743), and non-current liabilities of RMB800,626,769 (comprising mainly of bonds payable of RMB747,573,030).

As at 31 December 2016, the Group had current assets of RMB6,011,224,528. Current assets mainly comprised of cash and cash equivalents of RMB613,131,273, inventories of RMB1,724,194,672, accounts receivable of RMB1,692,790,112 and prepayments and other receivables of RMB1,456,128,633. The Group had current liabilities of RMB5,463,543,200. Current liabilities mainly comprised of accounts payable and notes payables of RMB1,822,887,164, short-term borrowings of RMB2,006,169,441 and advance from customers and other payables of RMB668,321,862.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 31 December 2016, the Group had bank loans of RMB2,006,169,441, which consisted of accounts receivable factored bank loans of RMB166,655,041, and unsecured bank loans of RMB1,839,514,400. All the Group's bank loans bear interest rates ranging from 1.15% to 4.79%.

Certain of the Group's margin deposits of RMB598,656,860 were pledged for notes payable of RMB207,259,165 as at 31 December 2016.

As at 31 December 2016, the Group's gearing ratio* is approximately 74.7%, which is slightly lower than that of 74.8% as at 31 December 2015.

* *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 2016, the Group employed 7,608 employees in the PRC (2015: 8,141). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB719,809,741 (2015: RMB731,792,115). 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% (2015: 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 RMB71,109,628 for the Reporting Period (2015: RMB67,298,618).

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 57 seminars during the year, and 3,800 employees have benefited from them.

ESTABLISHMENT OF TWO SUBSIDIARIES

On 19 February 2016, the Group, through its non-wholly-owned subsidiary Chaopi Trading established a subsidiary, Chaopi International Trading Company ("Chaopi International Trading"), to mainly engage in developing cross-border e-commerce services for imported goods. The registered capital of Chaopi International Trading was RMB5,000,000, which has been fully paid up by Chaopi Trading. The Company held an indirect equity interest of approximately 79.85% in Chaopi International Trading.

On 12 August 2016, the Group, through its non-wholly-owned subsidiary, Chaopi Trading, established a subsidiary, Beijing Chaopi Jiusheng Mingpin Trading Company Limited ("Chaopi Jiusheng"), to mainly engage in operational activities in the incrementing part of the of the brand names of 39 percent alcohol content Wuliangye (39度五糧液) and Maotai (茅台). The registered capital of Chaopi Jiusheng was RMB30,000,000, which, as at date of this announcement, has not been fully paid up by Chaopi Trading. The Company held an indirect equity interest of approximately 79.85% in Chaopi Jiusheng.

CAPITAL INCREASE OF ONE NON-WHOLLY OWNED SUBSIDIARY

On 28 July 2016, Chaopi Trading, certain existing investors and an independent third party collectively contributed in a capital injection into a non-wholly-owned subsidiary of the Company, Beijing Chaopi Tianhua Trading Company Limited ("Chaopi Tianhua"), increasing the registered capital of Chaopi Tianhua from RMB10,000,000 to RMB20,000,000. Chaopi Trading had fully paid up the relevant contribution of RMB5,343,000, and the other investors (including the independent third party) had fully paid the relevant contribution of RMB4,657,000 in aggregate. After the increase of registered capital, the Company became a holder of an indirect equity interest of approximately 42.66% in Chaopi Tianhua.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2016, the Group had the following significant event:

On 16 February 2017, pursuant to three agreements entered into between Chaopi Trading and three independent third parties, the said three independent third parties in aggregate disposed of 22.25% of the equity interest in Beijing Chaopi Huilong Trading Company Limited ("Chaopi Huilong") to Chaopi Trading for a consideration of RMB4,077,636. After the completion of the said transfer, the Company held an indirect interest of approximately 79.85% in Chaopi Huilong.

On 2 February 2016, the Company issued of the year 2016 the first phase of short-term bonds with a coupon rate of 3.34%, a term of maturity of 366 days, value date at 3 February 2016 and due date at 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 report, such bonds payable and interest payable had been cleared.

STRATEGIES AND PLANS

China has entered the new stage with continuous growth of consumption scale, accelerated upgrade of consumption structure and increasing consumption contribution. From a medium and long term perspective, with the acceleration of the pace of the new industrialization and supply-side structural reform, the middle-class will continue to grow and the rate of urbanization will increases steadily. As a result, there is still ample room for the growth of consumption. In order to keep up with the new normal of economic development, push forward the transformation of physical retail sector and enhance dynamic development, the General Office of the State Council promulgated, the "Opinions on Promoting the Innovation and Transformation of Physical Retail Sector" (《關於推動實體零售創新轉型的意見》). In such document, seven major kinds of measures to "optimize the environment for development" and "strengthen policy support" were proposed, pushing forward the three transformation areas of the physical retail sector: the first is to transform from sales of products into a model of leading production, promoting supply-side reforms, innovative lifestyle, and expanding consumption; the second is to transform the environment from one with scattered and separate competing entities into an integrated one with cooperation; the third is to transform from the mass development into the one that emphasizes quality and efficiency.

In view of the above policy, the overall environment for offline retail industry in 2017 is expected to gradually improve despite the impacts including the increase of operating costs, the change in the consumption demand structure and the rapid development of e-commerce in recent years. The Group will continue to speed up its pace in innovation and transformation:

Bringing out the advantages of physical stores, promoting the combined development of online and offline business

The Group will continue to take "product+service" as the foundation and further standardize, streamline and professionalize it business operation. At the same time, the Group will put more effort on developing tailor-made goods, bought products and core products, enriching its product mix with healthy, green and functional products to cater for the change in consumption demand. The Group will rationalize and revise the service standard of the stores to form a more comprehensive consumer service system and enhance the bond with consumers. While improving and optimizing the operation of live and fresh stores in the community, the Group will continue to accelerate the adjustment of the business format of convenience stores and develop value-added services for the convenience of the citizens, thereby building a service ring for the convenience of the community. The Group will also conform to the trend of integrating online and offline businesses through WeChat channels, physical stores and the transference of members to strengthen the promotion of the Jingkelong app. The Group will also keep on improving and optimizing the app features to cater for diversified needs of the customers in order to improve client experience and in turn drive the sales of the stores.

Strengthening the strategies for brand development, realizing the transformation of wholesale operations

The Group will keep on strengthening the strategic cooperation with the upstream manufacturers and integrating the brand resources of the upstream manufacturers and the Group's powerful channel resources in order to share resources and develop a cooperative development mode of shared channels, strengthening the overall competitiveness. New brand introduction is still of great emphasis and the Group will enhance the sustainability of the brands through the coordination of products and the features of the channels. The authorities of distinction will be further expanded, online and offline marketing will be closely integrated and the existing brands and newly-introduced brands will be explored. With the Group's competitive advantages and the use of the upstream and downstream resources, the operation of brands will be strengthened, ensuring the renewal and improvement of the brand structure.

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 2016 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 2016 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: RMB0.05) per share (tax inclusive) in respect of the Reporting Period to shareholders on the register of members on 7 June 2017. 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 2016 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 2016 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 2016 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 2016 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, 7 June 2017. 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, 7 June 2017 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 2016 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 2016 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 2016 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, 7 June 2017 (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 2017. 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 2017. 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, 6 May 2017 to Friday, 26 May 2017, 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, 5 May 2017 are entitled to attend and vote at the 2016 Annual General Meeting following completion of the registration procedures. To qualify for attendance and voting at the 2016 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, 5 May 2017. 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, 5 May 2017 are entitled to attend and vote at the 2016 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, 2 June 2017 to Wednesday, 7 June 2017, 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, 7 June 2017 are entitled to the 2016 final dividend (if any). To qualify for entitlement of the 2016 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, 1 June 2017 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 2016 Annual General Meeting will be held on Friday, 26 May 2017. The notice of the 2016 Annual General Meeting will be sent to the shareholders of the Company together with the 2016 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 2016 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 2016 Annual Report will be available on the HKExnews and the website of the Company, and despatched to Shareholders on or about Tuesday, 11 April 2017.

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

Beijing, PRC
22 March 2017

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.