

[For Immediate Release]



**Beijing Jingkelong Announces 2017 Annual Results
Net Profit Attributable to Shareholders Increased by 77.9%
to reach RMB47.5 million**

(21 March 2018, Beijing) **Beijing Jingkelong Company Limited** (the “Company” or “Jingkelong”, together with its subsidiaries, the “Group”, stock code: 0814), a leading integrated retail and wholesale distribution operator of daily consumer products in China, announces its results for the year ended 31 December 2017 (the “Year”).

Results and Operation Highlights:

Financial highlights

- Revenue increased by 0.6% to RMB11,956 million
- Principal operating income lowered 0.6% to RMB10,786 million
- Gross profit increased by 13.4% to RMB1,535 million. Gross profit margin improved 1.7 percentage points to 14.2%
- Net profit attributable to shareholders of the parent company amounted to RMB47.5 million, up 77.9%
- Basic earnings per share for the Year were RMB0.12 (2016: RMB0.06)
- Recommended payment of a final dividend of RMB0.06 (2016: RMB0.05)

During the Year, the retail principal operating income of the Group increased by approximately 1.0%. This was mainly attributable to the benefit resulted from policy implementation of relocating Beijing’s non-capital functions. In addition, the pickup of consumer traffic through sustainable improvement of live and fresh produce operation, the increased sales of the online APP and the introduction of third party e-commerce platforms also contributed to the growth in retail operating income. During the Year, the same store sales growth of directly-operated retail business (the “SSSG”) was 2.98%, versing a decrease of 3.38% for the year ended 31 December 2016.

The gross profit margin generated from the directly-operated retail business (excluding department stores) increased slightly from approximately 16.1% in 2016 to approximately 16.3% in the Year, this was mainly due to (i) reducing the purchasing cost constantly by the means of buy-out and custom-made; (ii) adjusting commodity mix according to the change of the consumption; and (iii) the loss and wastage reduction as a result of improvement of live and fresh produce operation. During the Year, 13 traditional convenience stores were transformed into “Jingjie” Live and Fresh Produce Stores or “Love Home” Convenience Stores. By the end of

2017, 27 “Jingjie” Live and Fresh Produce Convenience Stores and “Love Home” Convenience Stores had been established, and one mature operation model had been formed.

During the Year, the wholesale principal operating income decreased by approximately 1.6% and was mainly due to the adjusted selling structure and the sales from new E-commerce suppliers tended to be stable. During the Year, the gross profit margin of wholesale business increased by approximately 2.6 percentage points to reach 11.4%, mainly due to continuing optimization of the commodity mix; adjustment in the marketing strategies, and more attention paid on the profitability of marketing campaigns.

Commenting on the future prospects of Jingkelong, **Mr. Li Jianwen, Chairman of Jingkelong**, said: “In 2018, for the retail and wholesale industries in which the Group is operated, we will actively use advanced technologies such as big data and artificial intelligence to upgrade the procurement, marketing and logistics distribution processes of the products, and integrate them on our online and offline platforms. We will continue to develop and explore corporate transformation and upgrading initiatives, accelerate establishment of community fresh food stores, use mobile Internet technology, online and offline integration development, and steadily promote the sustainable development of our wholesale business to bring more sustainable return to shareholders.”

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About Jingkelong

Jingkelong is an integrated retail and wholesale distribution operator of daily consumer products. It has four kinds of operation formats, namely community shopping centers, hypermarkets, supermarkets and convenience stores. Jingkelong also owns a normal temperature logistics center and a live and fresh produce logistics center, the two self-constructed modernized logistics centers provide strong support to the development of Jingkelong’s retail business. As at December 31, 2017, the Group had 220 retail outlets including 172 directly-operated outlets and 48 franchise-operated outlets, with total net operating area of 287,217 square metres, spreading in more than 10 districts and counties of Beijing and Langfang area of Hebei province.

For further inquiries, please contact:

Unicorn Financial Company Limited

Natalie Tam/ Jenfer Cheng

Tel: (office hours): 3511 6241 / 3511 6240

Tel: (after office hours): 9306 7346

Email: natalietam@unicornfin.com