

**BEIJING JINGKELONG COMPANY LTD:
THIS WOULD APPEAR TO BE A DEFINITE PASS**

A second, major retailer, domiciled in the People's Republic of China (PRC), limited to doing business in the Beijing area, has sought a listing on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

The GEM is the highly speculative equity market of the Hongkong Special Administrative Region of the PRC and, as such, it is a fitting venue on which this Company should be listed.

The latest retailer to come to The GEM is Beijing Jingkelong Company Ltd (), which is flogging 132 million, one-renminbi Shares at between \$HK3.90 per Share and \$HK4.50 per Share.

The Placing tranche is 118.80 million Shares while the Public Offer Tranche is 13.20 million Shares.

Of the total number of shares on Offer, 12 million Shares are designated as being 'Sale Shares', being Shares, owned by Beijing Chaoyang Auxillary Food Company (), which is a PRC, State-owned enterprise.

While Beijing Jingkelong claimed itself to be the Number 2, top supermarket chain in Beijing in 2005, according to Page 64 of its Placing and Public Offer Prospectus, it is, actually, a long way from the Number One spot, which is held by the Wumart Group (Wumart Stores Incorporated [], the holding company of Wumart Group, is listed on The GEM, also, being Code Number 8277).

The following list of the leading retailers in the Beijing area is lifted from Page 64 of the Prospectus:

| | <u>Sales in Renminbi millions</u> |
|-------------------------|--|
| Wumart Group () | 17,389 |
| Beijing Jingkelong () | 5,510 |
| Beijing Mei Lian Mei () | 1,898 |
| Beijing Chao Shi Fa () | 1,683 |
| Beijing Shun Tian Fu () | 941 |

About the above statistics, it is stated in the footnote of Page 64 that the figures for Beijing Jingkelong are stated before any elimination of Intra-Group Transactions, Audit Adjustments and Generally Accepted Accounting Practices (GAAP).

To **TARGET's** way of thinking, therefore, the above little table of turnovers should be considered terribly misleading because it tends to obfuscate the situation in respect of the 2005 Turnover of Beijing Jingkelong, whose Net Revenue, after taking into account Intra-Group Transactions, Audit Adjustments and GAAP, was only 4,122,748,000 renminbi, which is about 25 percent less than that which is indicated at Page 64 of the Prospectus.

Even so, scanning only the above table, it is clear that the top super market chain in Beijing is far and away from Beijing Jingkelong.

And the chances appear to be high that Wumart Group will continue to be the dominant player in Beijing in this industry for the foreseeable future.

That being said, nevertheless, Beijing Jingkelong is, still, a huge company.

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