

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Beijing Jingkelong Company Limited, you should at once hand this circular together with the enclosed form of proxy and reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



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)

### CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



---

A letter from the board of directors of Beijing Jingkelong Company Limited (the “Company”) is set out on pages 5 to 12 of this circular.

A letter from the independent board committee of the Company is set out on page 13 of this circular. A letter from Kingsway Capital Limited containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 14 to 21 of this circular.

A notice convening an extraordinary general meeting of the Company, at which, among other things, the resolutions for approving the Agreements (as defined in this circular) in respect of the Continuing Connected Transactions (as defined in this circular) and the relevant annual caps (as defined in this circular) will be considered, to be held at the Conference Room, 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the People’s Republic of China at 10.30 a.m. on Wednesday, 20 May 2009, is set out on pages 29 to 31 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

2 April 2009

\* For identification purpose only

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1-4
<b>LETTER FROM THE BOARD</b>	
I.    Background information .....	5-6
II.   Information of Chaopi Zhongde .....	6
III.  Continuing Connected Transactions	
1.    Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group .....	7-8
2.    Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde .....	8
IV.  Historical figures .....	9
V.   Proposed annual caps for the Continuing Connected Transactions for the three years ending 31 December 2011 .....	9
VI.  Reasons for and benefits of the Continuing Connected Transactions .....	10
VII. Miscellaneous .....	10-12
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	13
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	14-21
<b>APPENDIX – GENERAL INFORMATION</b> .....	22-28
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	29-31

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Agreements”	the Zhongde Supply Agreement and the Zhongde Service Agreement
“annual caps”	as defined in the section headed “V. Proposed annual caps for the Continuing Connected Transactions for the three years ending 31 December 2011” in this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Gaoya”	北京高雅華立科貿有限公司 (Beijing Gaoya Huali Kemao Company Limited*), a company incorporated in the PRC and is one of the Company’s promoters
“Board”	the board of directors of the Company
“Chaopi Trading”	北京朝批商貿有限公司 (Beijing Chaopi Trading Company Limited*), a limited liability company incorporated in the PRC on 31 May 2002 and an approximately 79.85% subsidiary of the Company
“Chaopi Zhongde”	北京朝批中得商貿有限公司 (Beijing Chaopi Zhongde Trading Company Limited*), a limited liability company incorporated in the PRC on 7 February 2007 and a 80% subsidiary of Chaopi Trading
“Chaopi Zhongde Completion”	completion of the Equity Sale Agreement, which is expected to occur at or about the end of May 2009
“Chaopi Zhongde Products”	has the meaning ascribed to it under the section headed “III. Continuing Connected Transactions – 1. Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group” in this circular
“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
“Continuing Connected Transactions”	the continuing connected transactions of the Group as set out in the sections headed “III. Continuing Connected Transactions” in this circular

---

## DEFINITIONS

---

“CPI”	consumer price index
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary share(s) in the capital of the Company, with a RMB denominated par value of RMB1.00 each, which were subscribed by domestic Shareholder(s) and credited as fully paid up in the RMB, which shall include the State-owned domestic share(s)
“EGM”	the extraordinary general meeting of the Company to be held for the purposes of considering and, if thought fit, approving, among other things, the Zhongde Supply Agreement and the Zhongde Service Agreement for the Continuing Connected Transactions and the relevant annual caps
“Equity Sale Agreement”	the equity sale agreement dated 16 March 2009 entered into between Zhongde Gaoya as vendor and Mr. Wu as purchaser in relation to a 20% equity interest in Chaopi Zhongde owned by Zhongde Gaoya
“Greater Beijing Region”	the region covering the whole Beijing city and certain parts of its periphery
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign 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 Share Registrar and Transfer Office”	Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the H Share registrar and transfer office of the Company
“Independent Board Committee”	the independent board committee, comprising Mr. Fan Faming, Mr. Huang Jiangming and Mr. Chung Chi Kong, all of whom are the independent non-executive Directors

---

## DEFINITIONS

---

“Independent Financial Adviser”	Kingsway Capital Limited (滙富融資有限公司), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	any shareholders of the Company that is not required to abstain from voting at the EGM
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is/are not a director, supervisor, promoter, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
“Latest Practicable Date”	30 March 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this circular before its despatch
“Listing Rules” or “Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Wu”	Mr. Wu Shaohua (吳少華), who owns (i) approximately 1.26% of the shares of the Company; and (ii) as the Company understands, the entire equity interest in Beijing Gaoya
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shareholder(s)”	holders of the Domestic Share(s) and the H Share(s) of the Company, unless specified otherwise
“Shou Lian”	北京首聯商業集團有限公司 (Beijing Shou Lian Group Enterprises Limited*), a limited liability company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company

---

## DEFINITIONS

---

“Zhongde Gaoya”	北京中得高雅經貿有限責任公司(Beijing Zhongde Gaoya Trading Company Limited*), a limited liability company incorporated in the PRC and owns 20% of the equity interest in Chaopi Zhongde until the Chaopi Zhongde Completion
“Zhongde Service Agreement”	has the meaning ascribed to it under the section headed “III. Continuing Connected Transactions – 2. Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde” in this circular
“Zhongde Supply Agreement”	has the meaning ascribed to it under the section headed “III. Continuing Connected Transactions – 1. Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group” in this circular
“%”	per cent.

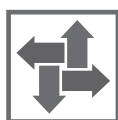
\* *For identification purpose only*

*If there is any inconsistency between the Chinese of the entities mentioned in this circular and the English translation, the Chinese version shall prevail.*

---

## LETTER FROM THE BOARD

---



**北京京客隆**  
商业集团股份有限公司  
BEIJING JINGKELONG COMPANY LIMITED

**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)**

*Executive Directors:*

Wei Tingzhan  
Li Jianwen  
Li Chunyan  
Liu Yuejin

*Registered Office:*

Block No. 45  
Xinyuan Street  
Chaoyang District  
Beijing  
PRC

*Non-executive Directors:*

Gu Hanlin  
Li Shunxiang

*Place of business in Hong Kong:*

20th Floor  
Alexandra House  
16-20 Chater Road  
Hong Kong

*Independent Non-executive Directors:*

Fan Faming  
Huang Jiangming  
Chung Chi Kong

2 April 2009

*To Shareholders*

Dear Sir/Madam,

### **CONTINUING CONNECTED TRANSACTIONS**

#### **I. BACKGROUND INFORMATION**

Reference is made to the announcement of the Company dated 16 March 2009 in respect of the Continuing Connected Transactions. This circular gives you further information in relation to the Continuing Connected Transactions and contains (i) a letter from the Independent Board Committee to the Independent Shareholders; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iii) a notice convening the EGM for the Independent Shareholders to consider and approve, inter alia, the Zhongde Supply Agreement and the Zhongde Service Agreement in respect of the Continuing Connected Transactions and the relevant annual caps. If there is any inconsistency (if any) between the information contained in the said announcement and this circular, the information contained in this circular shall prevail.

\* For identification purpose only

---

## LETTER FROM THE BOARD

---

Chaopi Zhongde (a non-wholly owned subsidiary of the Company), since its incorporation, has been supplying the Chaopi Zhongde Products to the Group for sale to its customers on a non-exclusive basis. Meanwhile, Chaopi Trading (a non-wholly owned subsidiary of the Company) has been providing delivery and logistic services to Chaopi Zhongde, for the delivery of the Chaopi Zhongde Products to both the Group and other third party customers.

Pursuant to the Equity Sale Agreement, Mr. Wu has agreed to acquire a 20% equity interest of Chaopi Zhongde from Zhongde Gaoya. The Company understands that Mr. Wu is the owner of the entire equity capital of Beijing Gaoya, which is one of the promoters of and used to hold shares in the Company (Beijing Gaoya has transferred its entire shareholding in the Company to Mr. Wu), and hence Mr. Wu, being an associate of a promoter, is a connected person of the Company. Following the Chaopi Zhongde Completion, Mr. Wu will own 20% equity interest in Chaopi Zhongde (being a non-wholly owned subsidiary of the Company) and, as a result thereof, Chaopi Zhongde will become a connected person of the Company under Chapter 14A of the Listing Rules. Hence, the sales of the Chaopi Zhongde Products to any other member of the Group, and the provision of delivery and logistic services by another member of the Group to Chaopi Zhongde as aforementioned would constitute continuing connected transactions of the Group under Rule 14A.14 of the Listing Rules. Accordingly, in compliance with Rule 14A.35(1) of the Listing Rules, on 16 March 2009, (i) the Company entered into the Zhongde Supply Agreement with Chaopi Zhongde for the supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group, and (ii) Chaopi Trading entered into the Zhongde Service Agreement with Chaopi Zhongde for the provision of logistic and delivery services by Chaopi Trading to Chaopi Zhongde. Both the Zhongde Supply Agreement and the Zhongde Service Agreement are for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011.

The Directors estimate that the consideration ratio of the proposed annual transaction amounts over the relevant periods under each of the Continuing Connected Transactions for the period from the date of the Chaopi Zhongde Completion to 31 December 2009 and each of the two years ending 31 December 2011, exceeds 2.5% but is less than 25% and the annual consideration exceeds HK\$10 million. Accordingly, the Zhongde Supply Agreement and the Zhongde Service Agreement are subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Rules 14A.35 (3) and 14A.35 (4), respectively. Hence, the EGM will be held on 20 May 2009 for the Independent Shareholders to consider and approve each of the Agreements and the relevant annual caps.

The Chaopi Zhongde Completion is conditional on the approval of the Zhongde Supply Agreement and the Zhongde Service Agreement and the relevant annual caps by the Independent Shareholders at the EGM.

## II. INFORMATION OF CHAOPHI ZHONGDE

Chaopi Zhongde was incorporated in the PRC on 7 February 2007, and is principally engaged in the wholesale distribution of general merchandise mainly including consumer sanitary products. Chaopi Zhongde is held as to 80% by Chaopi Trading, which is held as to approximately 79.85% by the Company. Chaopi Zhongde is thus an indirect subsidiary of the Company. The other 20% equity interest of Chaopi Zhongde is owned by Zhongde Gaoya until the Chaopi Zhongde Completion.

---

## LETTER FROM THE BOARD

---

### III. CONTINUING CONNECTED TRANSACTIONS

#### 1. Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group

Chaopi Zhongde, since its incorporation, has been supplying, on a non-exclusive basis, various types of general merchandise mainly including consumer sanitary products (the “**Chaopi Zhongde Products**”) to the Group for sale to its customers.

On 16 March 2009, the Company and Chaopi Zhongde entered into the Zhongde Supply Agreement for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011. Pursuant to the Zhongde Supply Agreement, Chaopi Zhongde has agreed to supply to the Group, on a non-exclusive basis, the Chaopi Zhongde Products for sale to the Group’s customers. Upon its expiry, the Company has the right to renew the Zhongde Supply Agreement on no less favourable terms. Under the Zhongde Supply Agreement, Chaopi Zhongde has agreed that the consideration payable by the relevant member of the Group for the supply of the same Chaopi Zhongde Products (i) will not be higher, on the same per unit price basis, than the consideration paid to it by any other third party and (ii) will not be higher than the then prevailing market prices. In addition, the Company will settle the purchase of the Chaopi Zhongde Products within one month after delivery. The Zhongde Supply Agreement is for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011, and is conditional on the approval of the Independent Shareholders at the EGM with respect to such agreement and the related annual caps being obtained.

It is estimated that the total consideration payable by the Group to Chaopi Zhongde in relation to the purchase of the Chaopi Zhongde Products for the period commencing on the date of the Chaopi Zhongde Completion to 31 December 2009 and each of the two years ending 31 December 2011 will not exceed RMB44,260,000, RMB91,050,000 and RMB109,260,000, respectively, and these amounts have accordingly been set as the proposed annual caps for these Continuing Connected Transactions.

The proposed annual caps have been estimated primarily based on (i) the estimated growth of the sales of Chaopi Zhongde Products to the Group based on historical transaction amounts (further details of which are set out in the section headed “IV. HISTORICAL FIGURES” in this circular); (ii) the increase in demand for the Chaopi Zhongde Products arising from the integration of the retail network of Shou Lian, which are operated under the Group’s franchise arrangements, into the Group; (iii) the estimated increase in the Group’s demand for Chaopi Zhongde Products due to the currently anticipated opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with approximately 20 new hypermarkets, supermarkets and/or convenience stores (as the case may be) to be opened each year) leading to higher sales volume of the Group; (iv) the general trend of growth in the retail industry and the expected continual growth of the local economy in the Greater Beijing Region; and (v) the estimated increase in the CPI and the price of consumer goods in the Greater Beijing Region (*Note*).

---

## LETTER FROM THE BOARD

---

*Note:* According to the data published by 北京市統計信息網 (Beijing City Statistical Information Net), the CPI and the price of consumer goods in Beijing for 2008 increased by approximately 5.1% and approximately 7%, respectively, compared to 2007.

### **2. Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde**

Chaopi Trading, since the incorporation of Chaopi Zhongde, has been providing delivery and logistic services to Chaopi Zhongde for the delivery of the Chaopi Zhongde Products to both the Group and other third party customers.

On 16 March 2009, Chaopi Trading and Chaopi Zhongde entered into the Zhongde Service Agreement for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011. Pursuant to the Zhongde Service Agreement, Chaopi Trading has agreed to provide delivery and logistic services to Chaopi Zhongde for the delivery of the Chaopi Zhongde Products to both the Group and other third party customers. Upon its expiry, Chaopi Trading has the right to renew the Zhongde Service Agreement on no less favourable terms. Under the Zhongde Service Agreement, the consideration payable by Chaopi Zhongde to Chaopi Trading for the provision of such delivery services will not be less than (i) the prevailing market fees; and (ii) the consideration charged by Chaopi Trading for the provision of similar services to any other party. The consideration for the provision of the said delivery and logistic services is settled on a monthly basis. The Zhongde Service Agreement is for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011, and is conditional on the approval of the Independent Shareholders at the EGM with respect to such agreement and the related annual caps being obtained.

It is estimated that the total consideration payable by Chaopi Zhongde to Chaopi Trading in relation to the provision of delivery and logistic services for the period commencing on the date of the Chaopi Zhongde Completion to 31 December 2009 and each of the two years ending 31 December 2011 will not exceed RMB14,030,000, RMB28,850,000 and RM34,620,000, respectively, and these amounts have accordingly been set as the proposed annual caps for these Continuing Connected Transactions.

The proposed annual caps have been estimated primarily based on (i) the historical transaction amounts of the delivery and logistic services provided by Chaopi Trading to Chaopi Zhongde (further details of which are set out in the section headed “IV. HISTORICAL FIGURES” in this circular); (ii) an estimated growth in total sales of Chaopi Zhongde by 20% each year from 2009; (iii) an expected increase in energy and labour costs in the Greater Beijing Region (*Note*); and (iv) the increase in the geographical area and the number of delivery points to be served by Chaopi Trading arising from the expansion of the customer base of Chaopi Zhongde to the rural areas as a result of the continuous urbanisation of Beijing, which in turn is expected to increase the cost of delivery of Chaopi Trading.

*Note:* According to the data published by 北京市統計信息網 (Beijing City Statistical Information Net), the costs of energy and power in Beijing increased by approximately 32% in 2008, compared to 2007.

---

## LETTER FROM THE BOARD

---

### IV. HISTORICAL FIGURES

The following table sets out the amounts of each category of the Continuing Connected Transactions for each of the two years ended 31 December 2008:

	<b>Year ended 31 December 2007 RMB'000</b>	<b>Year ended 31 December 2008 RMB'000</b>
1. Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group	24,008*	63,224
2. Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde	5,929*	20,032

\* *This represents the transaction amounts incurred from 7 February 2007, being the date of incorporation of Chaopi Zhongde, to 31 December 2007*

### V. PROPOSED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS FOR THE THREE YEARS ENDING 31 DECEMBER 2011

The table below summarises the proposed annual caps of the Continuing Connected Transactions for the period from the date of the Chaopi Zhongde Completion to 31 December 2009 and the two years ending 31 December 2011:

	<b>Period from the date of Chaopi Zhongde Completion to 31 December 2009 RMB'000</b>	<b>Year ending 31 December 2010 RMB'000</b>	<b>2011 RMB'000</b>
1. Supply of Chaopi Zhongde Products by Chaopi Zhongde to the Group	44,260	91,050	109,260
2. Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde	14,030	28,850	34,620

---

## LETTER FROM THE BOARD

---

### VI. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As the Group has been conducting transactions in nature similar to the Continuing Connected Transactions with Chaopi Zhongde before the Agreements were entered into, and the Group has built up a long term strategic and solid business relationship with Chaopi Zhongde, the Directors, including the independent non-executive Directors (after considering the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders), consider it to be beneficial to the Group to continue to conduct these Continuing Connected Transactions in order to ensure and maximise operating efficiency and stability of the operations of the Group, which are in line with the expansion strategy of the Group. The Directors are not aware of any disadvantage of the Continuing Connected Transactions to the Group.

The Directors, including the independent non-executive Directors (after considering the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders), consider that the Continuing Connected Transactions have been subject to arm's length negotiation between the Group and Chaopi Zhongde, and have been entered into in the ordinary and usual course of business of the Group and are either (i) on normal commercial terms or better; or (ii) on terms no less favourable to the Group than those available to or from (as appropriate) Independent Third Parties.

The Directors, including the independent non-executive Directors (after considering the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders), are of the view that the Continuing Connected Transactions, and the relevant proposed annual caps, are fair and reasonable and in the interests of the Shareholders as a whole.

### VII. MISCELLANEOUS

#### 1. Information of the Group

The Group is principally engaged in the retail and wholesale distribution of daily consumer products in the Greater Beijing Region. The Company is principally engaged in retail distribution of daily consumer products in the Greater Beijing Region. Chaopi Trading is principally engaged in the wholesale distribution of daily consumer products in the Greater Beijing Region.

#### 2. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of each of the Agreements. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of each of the Agreements.

---

## LETTER FROM THE BOARD

---

### **3. Extraordinary General Meeting**

There is set out on pages 29 to 31 of this circular a notice convening the EGM to be held at the Conference Room, 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the People's Republic of China, at 10.30 a.m. on Wednesday, 20 May 2009, to consider and, if thought fit, to approve by the Independent Shareholders, among other things, each of the Agreements and their respective annual caps.

The said notice also sets out the resolutions in respect of the Agreements and the relevant annual caps. Any voting of the Independent Shareholders shall be taken by poll. An announcement will be made in respect of the results of the poll.

Mr. Wu is a connected person of the Company, a party to the Equity Sale Agreement and will own 20% equity interest in Chaopi Zhongde after the Chaopi Zhongde Completion. Accordingly, Mr. Wu, being the holder of 5,210,428 Domestic Shares, representing approximately 1.26% of the total issued share capital of the Company, and his associates (do not hold any shares of the Company) will abstain from voting on the resolutions to approve the Zhongde Supply Agreement and the Zhongde Service Agreement and the relevant annual caps at the EGM. Save as disclosed above, none of the Shareholders have any interest in the resolution to be considered at the EGM.

Please refer to the notice convening the EGM for the eligibility of attendance, registration procedure, proxy and other relevant matters.

### **4. Closure of registers of members**

Shareholders whose names appear on the registers of members of the Company as at the end of Wednesday, 29 April 2009 are entitled to attend and vote at the EGM. The registers of members of the Company will be closed from Thursday, 30 April 2009 to Wednesday, 20 May 2009, both days inclusive, during which no transfer of shares will be effected. In order to be eligible to attend the EGM and to vote thereat as Shareholders, all transfers of H Shares together with the relevant share certificates must be delivered to the Company's H Share Registrar and Transfer Office no later than 4:30 p.m. on Wednesday, 29 April 2009. All transfers of Domestic Shares together with the relevant documents must be delivered to the Company's legal address at 3rd Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the PRC no later than 4:00 p.m. on Wednesday, 29 April 2009.

### **5. Recommendation**

Your attention is drawn to the letter from the Independent Board Committee set out in this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to each of the Agreements and their respective annual caps.

---

## LETTER FROM THE BOARD

---

Your attention is also drawn to the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to each of the Agreements and their respective annual caps, and the principal factors and reasons considered by it in arriving at its advice.

The Independent Board Committee has considered the terms of each of the Agreements and their respective annual caps, and the advice given by the Independent Financial Adviser and recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to each of the Agreements and their respective annual caps.

The Directors, including the independent non-executive Directors (after considering the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders), consider the terms of each of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **6. Additional information**

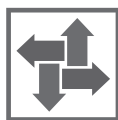
Your attention is also drawn to the appendix to this circular.

By Order of the Board  
**Beijing Jingkelong Company Limited**  
**Wei Tingzhan**  
*Chairman*

---

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



北京京客隆  
商业集团股份有限公司  
BEIJING JINGKELONG COMPANY LIMITED

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)

2 April 2009

*To the Independent Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 2 April 2009 (the “**Circular**”) to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether or not the terms of each of the Agreements and the proposed annual caps are in the interests of the Company and its shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the principal reasons and factors considered by, and the advice of Kingsway Capital Limited as set out in its letter, we are of the opinion that the terms of each of the Agreements and the proposed annual caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of all the ordinary resolutions to be proposed at the EGM to approve the Agreements and the relevant proposed annual caps.

We wish to draw your attention to the letter from the Board and the letter from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to each of the Agreements and the relevant annual caps as set out in the Circular, as well as other additional information set out in other parts of the Circular.

Yours faithfully,  
**Fan Faming**  
**Huang Jiangming**  
**Chung Chi Kong**  
*Independent Board Committee*

\* *For identification purpose only*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the full text of a letter received from Kingsway Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for inclusion in this Circular.*



5/F, Hutchison House,  
10 Harcourt Road,  
Central, Hong Kong  
Tel. No.: (852) 2877-1830  
Fax. No.: (852) 2283-7722

2 April 2009

*To the Independent Board Committee and the Independent Shareholders of  
Beijing Jingkelong Company Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Zhongde Supply Agreement and the Zhongde Service Agreement and their respective proposed annual caps, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the circular (the “**Circular**”) of Beijing Jingkelong Company Limited to the Shareholders dated 2 April 2009, of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of the Company on 16 March 2009 and the Letter from the Board. On 16 March 2009, the Company and Chaopi Zhongde entered into the Zhongde Supply Agreement for the supply of the Chaopi Zhongde Products by Chaopi Zhongde to the Group on a non-exclusive basis. On the same day, Chaopi Trading entered into the Zhongde Service Agreement with Chaopi Zhongde for the provision of delivery and logistic services to Chaopi Zhongde for the delivery of the Chaopi Zhongde Products to both the Group and other third party customers.

The Directors understand that Mr. Wu is the owner of the entire equity capital of Beijing Gaoya, which is one of the promoters of and used to hold shares in the Company (Beijing Gaoya has transferred its entire shareholding in the Company to Mr. Wu). Hence, Mr. Wu, being an associate of a promoter, is a connected person of the Company. Mr. Wu has agreed to acquire a 20% equity interest of Chaopi Zhongde (a non-wholly owned subsidiary of the Company) from Zhongde Gaoya

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

pursuant to the Equity Sale Agreement and Chaopi Zhongde will thus become a connected person of the Company under Chapter 14A of the Listing Rules. As such, the supply of the Chaopi Zhongde Products and the provision of delivery and logistic services under the Agreements would constitute continuing connected transactions of the Group under Rule 14A.14 of the Listing Rules.

The Directors estimate that the consideration ratios of the proposed annual caps over the relevant periods under each of the Agreements exceed 2.5% but are less than 25% and the annual consideration exceed HK\$10 million. Hence, the Agreements and the respective proposed annual caps are subject to the reporting, announcement and independent shareholders' approval requirement under Rules 14A.35(3) and 14A.35(4) of the Listing Rules, respectively. Mr. Wu and his associates will abstain from voting on the resolutions to approve the Agreements and their respective proposed annual caps at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Agreements and their respective proposed annual caps. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Agreements and their respective proposed annual caps, we have relied on the information, opinions and representations contained or referred to in the Circular and provided to us by the Company, the Directors and the management of the Company, which the Directors consider to be complete, accurate and relevant.

We have assumed that all the information, opinions and representations made by the Directors contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. The Directors have confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to enable us to reach an informed view and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and the management of the Company.

We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the Company, Chaopi Zhongde, Mr. Wu, Beijing Gaoya or any of their respective subsidiaries or associates.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders on the terms of each of the Agreements and their respective proposed annual caps, we have considered the principal factors and reasons set out below:

**(i) Supply of the Chaopi Zhongde Products by Chaopi Zhongde to the Group**

*(1) Background and reasons*

The Group is principally engaged in the retail and wholesale distribution of daily consumer products in the Greater Beijing Region. Chaopi Zhongde is principally engaged in the wholesale distribution of general merchandise mainly including consumer sanitary products and has been supplying, since its incorporation in February 2007, the Chaopi Zhongde Products to the Group on a non-exclusive basis for sale to its customers.

As stated in the annual results announcement for the year ended 31 December 2008 of the Company, the Group pursued its regional expansion strategy in 2008 by setting up 1 directly-operated hypermarket, 8 directly-operated supermarkets, 7 directly-operated convenience stores and 23 franchise-operated convenience stores in the Greater Beijing Region. As mentioned in the Letter from the Board, the Group expects an increase in the Group's demand of the Chaopi Zhongde Products resulting from the currently anticipated opening of additional hypermarkets, supermarkets and/or convenience stores by the Group each year for the three years ending 31 December 2011.

The Directors consider that the Group has built up a long term strategic and solid business relationship with Chaopi Zhongde and it will be beneficial to the Group to continue the purchase of the relevant general merchandise from Chaopi Zhongde in order to ensure and maximise operating efficiency and stability of the Group's operations, and to implement the expansion strategy of the Group.

Chaopi Zhongde will become a connected person of the Company immediately following the Chaopi Zhongde Completion. Hence, on 16 March 2009, the Company and Chaopi Zhongde entered into the Zhongde Supply Agreement pursuant to which Chaopi Zhongde has agreed to supply to the Group, on a non-exclusive basis, the Chaopi Zhongde Products for sale to the Group's customers for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011.

Having considered the factors above, we are of the view that the entering into of the Zhongde Supply Agreement is in line with the ordinary business of the Group and in the interest of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

(2) *Principal terms*

As set out in the Zhongde Supply Agreement, the consideration payable by the Company for the Chaopi Zhongde Products will not be higher, on the same per unit price basis for the same or same type of products, than the consideration paid by any other third party to Chaopi Zhongde and will not be higher than the then prevailing market prices. In addition, the Company will settle the purchase of the Chaopi Zhongde Products within one month after delivery under normal circumstances. The Company has the right to renew the Zhongde Supply Agreement upon its expiry on no less favourable terms.

We have reviewed samples of recent sales document in respect of the supply of similar products to the Company by Chaopi Zhongde and the Independent Third Parties and compared the terms of which with that under the Zhongde Supply Agreement. We noted that the per unit price of the Chaopi Zhongde Products paid or payable by the Company and the credit terms to be offered by Chaopi Zhongde to the Company was not and will not be less favourable to the Company as compared with that of similar products offered by the Independent Third Parties.

Taking into consideration of the above, we concur with the Directors' view and consider that the terms of the Zhongde Supply Agreement are on normal commercial terms and fair and reasonable.

(3) *Proposed annual caps*

Set out below are (i) the transaction amounts between Chaopi Zhongde and the Group for the period from 7 February 2007, being the date of incorporation of Chaopi Zhongde, to 31 December 2008, and (ii) the proposed annual caps under the Zhongde Supply Agreement for the period from the date of the Chaopi Zhongde Completion to 31 December 2009 and the two years ending 31 December 2011:

	Historical amounts		Proposed annual caps		
			Period from		
			the date of the		
			Chaopi Zhongde		
	Year ended		Completion to	Year ending	
	31 December		31 December	31 December	
	2007	2008	2009	2010	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supply of the Chaopi Zhongde Products by Chaopi Zhongde to the Group	24,008	63,224	44,260	91,050	109,260
Annual growth rate	-	137%	20%	20%	20%
		<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*Note 1:* The annual growth rate is calculated based on the transaction amount in 2008 as compared to the annualized transaction amount in 2007.

*Note 2:* The annual growth rate is calculated based on the annualized proposed annual cap in 2009 as compared to the transaction amount in 2008.

*Note 3:* The annual growth rate is calculated based on the proposed annual cap in 2010 as compared to the annualized proposed annual cap in 2009.

As set out in the Letter from the Board and further advised by the Directors, the proposed annual caps have been estimated primarily based on (i) the estimated growth of the sales of the Chaopi Zhongde Products to the Group based on the historical transaction amounts; (ii) the increase in demand for the Chaopi Zhongde Products arising from the integration of the retail network of Shou Lian, which are operated under the Group's franchise arrangements, into the Group; (iii) the estimated increase in the Group's demand for the Chaopi Zhongde Products due to the currently anticipated opening of approximately 20 additional hypermarkets, supermarkets and/or convenience stores each year for the three years ending 31 December 2011, leading to higher sales volume of the Group; (iv) the general trend of growth in the retail industry and the expected continuing growth of the local economy in the Greater Beijing Region; and (v) the estimated increase in the CPI and the price of consumer goods in the Greater Beijing Region.

As advised by the Directors, Chaopi Zhongde was incorporated in February 2007 and has been in full operation since the end of June 2007. Hence, the sales of the Chaopi Zhongde Products to the Group increased by approximately 137% in 2008 from that in 2007 as shown in the above table.

As mentioned above, it is the present intention of the Group to open approximately 20 additional hypermarkets, supermarkets and/or convenience stores each year for the three years ending 31 December 2011 and to continue the integration of the retail network of Shou Lian in the coming years and thus the demand of the Chaopi Zhongde Products by the Group is expected to increase. As such, the Directors consider that it is appropriate to have an annual increase of approximately 20% in the proposed annual caps as a buffer to cater to such expected increase in the coming years.

As announced by the Beijing Statistical Information Net (北京統計信息網), the preliminary verified gross domestic products (the "GDP") in general and GDP attributable to wholesale and retail industry in Beijing in 2008 grew by approximately 9% and 15.6% as compared to that in 2007. In addition, the CPI and the price index of consumer goods in the Greater Beijing Region increased by approximately 5.1% and 7.0% in 2008 as compared to that in 2007. As advised by the Directors, despite the recent global financial crisis, they are optimistic about the demand of the Chaopi Zhongde Products in Beijing in light of the growth abovementioned.

Taking into account the factors above, we consider that the basis of determining the proposed annual caps under the Zhongde Supply Agreement is fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### (II) Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde

#### (1) *Background and reasons*

As advised by the Directors, Chaopi Trading has centralized the delivery and logistic functions of its subsidiaries to enhance the distribution efficiency of the Group, and has been providing such services to Chaopi Zhongde for the delivery of the Chaopi Zhongde Products to both the Group and other third party customers since the incorporation of Chaopi Zhongde.

Chaopi Zhongde will become a connected person of the Company immediately following the Chaopi Zhongde Completion. Hence, on 16 March 2009, Chaopi Trading and Chaopi Zhongde entered into the Zhongde Service Agreement pursuant to which Chaopi Trading has agreed to provide delivery and logistic services to Chaopi Zhongde for the delivery of the Chaopi Zhongde Products to both the Group and other third party customers for a period commencing on the date of the Chaopi Zhongde Completion to 31 December 2011.

Having considered the factors above, we are of the view that the entering into of the Zhongde Service Agreement is in line with the ordinary business of the Group and in the interest of the Company and the Shareholders as a whole.

#### (2) *Principal terms*

As set out in the Zhongde Service Agreement, the consideration payable by Chaopi Zhongde to Chaopi Trading for the provision of the delivery and logistic services will not be less than (i) the prevailing market fees; and (ii) the consideration paid by any other third party to Chaopi Trading for the provision of similar services. The Directors advised that the consideration will be settled on a monthly basis. Chaopi Trading has the right to renew the Zhongde Service Agreement upon its expiry on no less favourable terms.

We have reviewed certain recent trading document and fee analysis in respect of the delivery and logistic services provided by Chaopi Trading to Chaopi Zhongde and the Independent Third Parties. We noted that the service fee recently charged by Chaopi Trading to Chaopi Zhongde was not less favourable to the Group as compared to that charged to the Independent Third Parties. We also noted that the calculation method of the service fee and credit terms were stipulated in the service agreement entered into between Chaopi Trading and the Independent Third Parties but not in the Zhongde Service Agreement. We have discussed with the management of the Company and were advised that the calculation method of the service fee and credit terms of the services to be offered under the Zhongde Service Agreement will follow those offered to the Independent Third Parties and subject to the principles mentioned in the paragraph above.

Taking into consideration of the above, we concur with the Directors' view and consider that the terms of the Zhongde Service Agreement are normal commercial terms and fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

(3) *Proposed annual caps*

Set out below are (i) the transaction amounts between Chaopi Trading and Chaopi Zhongde for the period from the date of incorporation of Chaopi Zhongde to 31 December 2008, and (ii) the proposed annual caps under the Zhongde Service Agreement for the period from the date of the Chaopi Zhongde Completion to 31 December 2009 and the two years ending 31 December 2011:

	Historical amounts		Proposed annual caps		
			Period from		
			the date of the		
			Chaopi Zhongde		
	Year ended	Completion to		Year ending	
	31 December	31 December		31 December	
	2007	2008	2009	2010	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision of delivery and logistic services by Chaopi Trading to Chaopi Zhongde	5,929	20,032	14,030	28,850	34,620
Annual growth rate	–	204%	20%	20%	20%
		<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	

*Note 1:* The annual growth rate is calculated based on the transaction amount in 2008 as compared to the annualized transaction amount in 2007.

*Note 2:* The annual growth rate is calculated based on the annualized proposed annual cap in 2009 as compared to the transaction amount in 2008.

*Note 3:* The annual growth rate is calculated based on the proposed annual cap in 2010 as compared to the annualized proposed annual cap in 2009.

As set out in the Letter from the Board, the proposed annual caps have been estimated primarily based on (i) the historical transaction amounts of the delivery and logistic services provided by Chaopi Trading to Chaopi Zhongde; (ii) an estimated growth in total sales of Chaopi Zhongde by 20% each year from 2009; (iii) an expected increase in energy and labour costs in the Greater Beijing Region; and (iv) the increase in the geographical area and the number of delivery points to be served by Chaopi Trading arising from the expansion of the customer base of Chaopi Zhongde to the rural areas as a result of the continuous urbanisation of Beijing, which in turn is expected to increase the cost of delivery of Chaopi Trading.

The Directors advised that the delivery and logistic service provided by Chaopi Trading to Chaopi Zhongde and the Independent Third Parties was charged based on a certain percentage of the sales amount of the goods delivered and/or based on certain predetermined rates charged to different types of goods handled, as the case may be. They further advised that Chaopi Zhongde

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

recorded a substantial increase in sales in 2008 from that in 2007, resulting in the increase in its demand of delivery and logistic services from Chaopi Trading by approximately 204% in terms of transaction amount in 2008 from that in 2007 as shown in the above table.

According to the data published by Beijing Statistical Information Net (北京統計信息網), the cost of energy and power in Beijing increased by approximately 32% in 2008 from that in 2007, and decreased by approximately 16% for the first two months in 2009 as compared to the same period in 2008. The annual discretionary income of urban households in Beijing increased by approximately 12.4% in 2008 from that in 2007.

As mentioned above, the Group currently intends to open approximately 20 additional hypermarkets, supermarkets and/or convenience stores each year for the three years ending 31 December 2011 and to continue the integration of the retail network of Shou Lian. Hence, the Directors expect an increase in the Group's demand of the Chaopi Zhongde Products, resulting in an increase in the demand of the Group's delivery and logistic services by Chaopi Zhongde accordingly. Moreover, the Directors expect that the customer base of the Group (including Chaopi Zhongde) will be further expanded in the future and the geographical locations of customers are likely to be dispersed due to the continuous urbanization of Beijing, which in turn would stimulate the demand of the delivery and logistic services by Chaopi Zhongde. As such, the Directors consider that it is appropriate to have an annual increase of approximately 20% in the proposed annual caps as a buffer to cater to such expected increase in the demand of the delivery and logistic services in the coming years.

Taking into account the factors above, we consider that the basis of determining the proposed annual caps under the Zhongde Service Agreement is fair and reasonable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into of the Agreements is in the ordinary and usual course of business, the terms of which and the determination basis of the respective proposed annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the Agreements and the respective proposed annual caps.

Yours faithfully  
For and on behalf of  
**Kingsway Capital Limited**  
**Chu Tat Hoi**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors', Supervisors' and chief executive's interests in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### Long positions in the Domestic Shares of the Company

Name	Capacity	Number of Domestic Shares held	Approximate percentage of total issued Domestic Shares (%)	Approximate percentage of total issued shares (%)
Wei Tingzhan	Personal	1,417,237	0.62	0.34
Li Jianwen	Personal	1,354,712	0.59	0.33
Li Chunyan	Personal	395,992	0.17	0.10
Liu Yuejin	Personal	375,151	0.16	0.09
Gu Hanlin	Personal	1,417,237	0.62	0.34
Li Shunxiang	Personal	5,210,428	2.26	1.26
Yang Baoqun	Personal	1,042,086	0.45	0.25
Qu Xinhua	Personal	833,669	0.36	0.20
Wang Shuying	Personal	375,151	0.16	0.09
Yao Jie	Personal	125,051	0.05	0.03

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company nor their associates had any interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

#### **Directors' and Supervisors' interest in any asset acquired, disposed of or leased**

As at the Latest Practicable Date, none of the Directors and Supervisors has any material interest, direct or indirect, in any asset which, since 31 December 2008, being the date to which the latest audited consolidated financial statements of the Group have been made up, had been acquired or disposed of by or leased to any member of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group.

#### **Directors' and Supervisors' service contracts**

The Company has entered into employment agreements with each of the executive Directors pursuant to which they have agreed to act as executive Directors for a term of three years with effect from 1 November 2007. Each of the executive Directors is entitled to a fixed basic salary, a performance based salary and other allowance and benefits in kind under applicable PRC law and regulations.

Each of the non-executive Directors has entered into an appointment letter with the Company pursuant to which they have agreed to act as non-executive Directors for a term of three years with effect from 1 November 2007. They do not receive any directors' fee.

Each of the independent non-executive Directors has entered into an appointment agreement with the Company pursuant to which they have agreed to act as independent non-executive Directors for a term of three years with effect from 1 November 2007. The terms of the appointment agreements of the independent non-executive Directors are identical in all material respects and they are entitled to receive fixed directors' fee.

Each of Ms. Qu Xinhua, Ms. Wang Shuying, Ms. Yao Jie, Mr. Yang Baoqun, Mr. Chen Zhong and Ms. Chen Xianghong has entered into an appointment agreement or letter with the Company pursuant to which each has agreed to act as Supervisor for a term of three years commenced from 1 November 2007. The terms of the appointment agreements or letters of the Supervisors are identical in all material respects save that:

- (i) Mr. Yang Baoqun does not receive any supervisor's fee;
- (ii) each of Mr. Chen Zhong and Ms. Chen Xianghong receives a fixed supervisor's fee; and

- (iii) each of Ms. Qu Xinhua, Ms. Wang Shuying and Ms. Yao Jie receives a fixed basic salary, a performance based salary and other allowance and benefits in kind under applicable PRC law and regulations.

None of the Directors or Supervisors had entered into or is proposed to enter into, any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### **Directors' and Supervisors' interests in contracts**

None of the Directors and Supervisors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

#### **Substantial Shareholders of the Company**

So far as is known to any Directors, Supervisors or chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director, Supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

#### **Long positions in the Domestic Shares of the Company**

<b>Name</b>	<b>Capacity</b>	<b>Number of Domestic Shares held</b>	<b>Approximate percentage of total issued Domestic Shares (%)</b>	<b>Approximate percentage of total issued shares (%)</b>
北京市朝陽副食 品總公司 (Beijing Chaoyang Auxiliary Food Company)	Beneficial owner	167,409,808	72.77	40.61

## Positions in the H Shares of the Company

Name	Total number of H Shares held	Approximate percentage of total issued H Shares (%)	Approximate percentage of total issued shares (%)
Montpelier Investment Management LLP (formerly Montpelier Asset Management Limited) <i>(Note 1)</i>	26,283,000 (L)	14.43	6.38
Genesis Asset Managers, LLP <i>(Note 2)</i>	21,499,000 (L)	11.80	5.22
JP Morgan Chase & Co. <i>(Note 3).</i>	21,800,000 (L) 21,800,000 (P)	11.97 11.97	5.29 5.29
UOB Asset Management Limited (“UOB Asset”) <i>(Note 4)</i>	10,894,000 (L)	5.98	2.64
United Overseas Bank Limited (“UOB”) <i>(Note 5)</i>	10,894,000 (L)	5.98	2.64
Schroder Investment Management (Hong Kong) Limited <i>(Note 6)</i>	13,036,000 (L)	7.16	3.16
Chelsea Investment LP <i>(Note 7)</i>	11,167,000 (L)	6.13	2.71
Montpelier Global Funds Limited – The Montpelier Fund (“Montpelier Funds”) <i>(Note 8)</i>	9,208,000 (L)	5.05	2.23

(L) –Long Position

(P) –Lending Pool

*Notes:*

1. These 26,283,000 H Shares were held by Montpelier Investment Management LLP (formerly Montpelier Asset Management Limited) in its capacity as an investment manager.
2. These 21,499,000 H Shares were held by Genesis Asset Managers, LLP in its capacity as an investment manager.
3. These 21,800,000 H Shares were held by JP Morgan Chase & Co. in its capacity as a custodian corporation/ an approved lending agent.
4. These 10,894,000 H Shares were held by UOB Asset in its capacity as an investment manager.
5. UOB Asset is a subsidiary of UOB and UOB was therefore deemed to have an interest in the 10,894,000 H Shares in which UOB Asset was interested in.
6. These 13,036,000 H Shares were held by Schroder Investment Management (Hong Kong) Limited in its capacity as an investment manager.
7. These 11,167,000 H Shares were held by Chelsea Investment LP in its capacity as a beneficial owner.
8. These 9,208,000 H Shares were held by Montpelier Funds in its capacity as a beneficial owner.

Save as disclosed above, as far as is known to the Directors, Supervisors or chief executive of the Company, as at the Latest Practicable Date, no other persons (not being a Director, Supervisor or chief executive of the Company) had, or were deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**Competition in the business of the Group**

As at the Latest Practicable Date, none of the Directors, Supervisors and their respective associates had any interest in any business which competes directly or indirectly with the business of the Group.

**3. MATERIAL ADVERSE CHANGE**

The Directors confirm that as at the Latest Practicable Date there was no material adverse change in the financial position or trading prospects of the Group since 31 December 2008, the date to which the latest audited financial statements of the Group were made up.

**4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance known to the Directors was pending or threatened by or against the Company or any of its subsidiaries.

**5. QUALIFICATION OF INDEPENDENT FINANCIAL ADVISER AND CONSENT**

The following is the qualification of the Independent Financial Adviser who has given opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Kingsway Capital Limited	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Kingsway Capital Limited has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and/or references to its names issued on 2 April 2009 in the form and context in which it is included. As at the Latest Practicable Date, Kingsway Capital Limited did not have any equity interests in any member of the Group, nor have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor have any interest in any asset of the Group.

**6. MISCELLANEOUS**

- (i) The legal address of the Company is at Block No. 45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China.
- (ii) The place of business of the Company in Hong Kong is 20th Floor, Alexandra House, 16-20 Chater Road, Hong Kong.
- (iii) The Company's H Share Registrar and Transfer Office in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (iv) The joint company secretaries of the Company are Mr. Keung Siu Fai, *CPA* and Ms. Li Chunyan.
- (v) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the place of business of the Company in Hong Kong at 20th Alexandra House, 16-20 Chater Road, Hong Kong during normal business hours from the date of this circular to and including 16 April 2009:

- (i) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (ii) the letter from Kingsway Capital Limited, the text of which is set out in this circular;
- (iii) the written consent referred to in the section headed “5. Qualification of Independent Financial Adviser and Consent” in this appendix;
- (iv) the Zhongde Supply Agreement;
- (v) the Zhongde Service Agreement; and
- (vi) the service contracts referred to in the section headed “2. Disclosure of interests – Directors’ and Supervisors’ service contracts” in this appendix.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of 北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited\*) (the “Company”) will be held at the Conference Room, 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the People's Republic of China at 10:30 a.m. on Wednesday, 20 May 2009 for the purpose of considering and, if thought fit, approving the following ordinary resolutions:

#### AS ORDINARY RESOLUTIONS:

1. “**THAT** the **Zhongde Supply Agreement** dated 16 March 2009 entered into between the Company and Beijing Chaopi Zhongde Trading Company Limited, and the relevant annual caps, for the period commencing on the date of the Chaopi Zhongde Completion (as defined in the circular of the Company to which this notice forms part) to 31 December 2009 and each of the two years ending 31 December 2011, being RMB44,260,000, RMB91,050,000 and RMB109,260,000, respectively, be and are hereby approved.”
2. “**THAT** the **Zhongde Service Agreement** dated 16 March 2009 entered into between Beijing Chaopi Trading Company Limited and Beijing Chaopi Zhongde Trading Company Limited, and the relevant annual caps, for the period commencing on the date of the Chaopi Zhongde Completion (as defined in the circular of the Company to which this notice forms part) to 31 December 2009 and each of the two years ending 31 December 2011, being RMB14,030,000, RMB28,850,000 and RMB34,620,000, respectively, be and are hereby approved.”
3. “**THAT** the Board of Directors be and is hereby authorised to do all such further acts and things and execute all such other documents and take all steps which in its opinion may be necessary or expedient in implementing the transactions contemplated under each of the agreements mentioned in resolutions number 1 to 2 above, save for amendments to each of the relevant annual caps.”

By Order of the Board  
**Beijing Jingkelong Company Limited**  
**Wei Tingzhan**  
*Chairman*

Beijing, 2 April 2009  
The People's Republic of China

\* For identification purpose only

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*Notes:*

- (A) The Company will not process registration of transfers of the H shares of the Company (“**H Shares**”) from Thursday, 30 April 2009 to Wednesday, 20 May 2009 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited at the end of Wednesday, 29 April 2009 are entitled to attend and vote at the **EGM** following completion of the registration procedures.

To qualify for attendance and voting at the **EGM**, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company’s H Share Registrar and Transfer Office, not later than 4:30 p.m. on Wednesday, 29 April 2009. The address of the Company’s H Share Registrar and Transfer Office is as follows:

Computershare Hong Kong Investor Services Limited  
Shops 1712–16, 17th Floor, Hopewell Centre  
183 Queen’s Road East  
Wanchai  
Hong Kong

The Company will not process registration of transfers of the domestic shares of the Company (“**Domestic Shares**”) from Thursday, 30 April 2009 to Wednesday, 20 May 2009 (both days inclusive). Holders of Domestic Shares whose names appear on the register of shareholders of the Company at the end of Wednesday, 29 April 2009 are entitled to attend and vote at the EGM. Holders of Domestic Shares should contact the secretary to the board of directors of the Company (“**Secretary to the Board**”) (whose contact details are set out in note (B) below) for details concerning registration of transfers of Domestic Shares.

- (B) Holders of H Shares and Domestic Shares who intend to attend the EGM should complete and return the reply slip for attending the EGM in person.

Holders of H Shares should complete and return the reply slip to the Company’s H Share Registrar and Transfer Office by facsimile at (852) 2865 0990 or by post to (or by depositing it at) its address set out in note (A) above such that the reply slip shall be received by the Company’s H Share Registrar and Transfer Office 20 days before the EGM (i.e. on or before Thursday, 30 April 2009).

Holders of Domestic Shares should complete and return the reply slip, by personal delivery, by facsimile or by post, to the Secretary to the Board such that the reply slip shall be received by the Secretary to the Board 20 days before the EGM (i.e. on or before Thursday, 30 April 2009).

The contact details of the Secretary to the Board are as follows:

3rd Floor,  
Block No.45, Xinyuan Street,  
Chaoyang District, Beijing  
The People’s Republic of China  
Telephone No.: 86(10) 64603046  
Facsimile No.: 86(10) 64611370

- (C) Each holder of H Shares entitled to attend and vote at the EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his behalf. A proxy need not be a shareholder of the Company (“**Shareholder**”). With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

- (D) Holders of H Shares must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a “**power of attorney**”). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the EGM on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the articles of association of the company.
- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in note (D) above must be delivered to the Company’s H Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited (address: Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the EGM.
- (F) Each holder of Domestic Shares who is entitled to attend and vote at the EGM may also, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his behalf. A proxy need not be a Shareholder. Notes (D) and (E) above also apply to the holders of Domestic Shares, except that, to be valid, the form of proxy and the relevant power of attorney (if any) and other relevant documents of authorisation (if any) must be delivered to the Secretary to the Board not less than 24 hours before the time appointed for the EGM. The address of the Secretary to the Board is stated in note (B) above.
- (G) A Shareholder or his proxy should produce proof of identity when attending the EGM. If a corporate Shareholder’s legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the EGM, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.
- (H) The EGM is expected to last for not more than half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.
- (I) Mr. Wu is a connected person of the Company, a party to the Equity Sale Agreement and will own 20% equity interest in Chaopi Zhongde after the Chaopi Zhongde Completion. Accordingly, Mr. Wu and his associates will abstain from voting on the resolutions to approve the Zhongde Supply Agreement and the Zhongde Service Agreement and the relevant annual caps at the EGM.