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北京京客隆商業集團股份有限公司

BEIJING JINGKELONG COMPANY LIMITED*

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

(Stock Code: 814)

CONTINUING CONNECTED TRANSACTIONS

Summary

The Waiver granted by the Stock Exchange from strict compliance with the relevant requirements under the Listing Rules in respect of the Existing CCTs will expire on 31 December 2008 and certain agreements governing the Existing CCTs will also soon expire. The Existing CCTs will continue and thus the Company and certain of its subsidiaries entered into agreements with the respective connected persons on 27 October 2008 to renew the term of the Continuing Connected Transactions for three years commencing on 1 January 2009.

As each of the percentage ratios (other than the profits ratio) of the Exempt Continuing Connected Transactions as set out in this announcement, on an annual basis, exceeds 0.1% but is less than 2.5%, they therefore fall under Rule 14A.34(1) of the Listing Rules. Accordingly, these Continuing Connected Transactions are only subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the consideration ratios of the estimated annual transaction amounts over the relevant periods under each of the Non-exempt Continuing Connected Transactions as set out in this announcement for the three years ending 31 December 2011 exceed 2.5% but are less than 25% and the annual considerations exceed HK\$10 million, such transactions are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A circular containing, among other things, details of the Non-exempt Continuing Connected Transactions, a letter from the independent board committee of the Company to the Independent Shareholders and a letter of advice from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders, together with the notice of the EGM for the Independent Shareholders to consider and approve each of the agreements in respect of the Non-exempt Continuing Connected Transactions and the relevant annual caps will be despatched to the shareholders of the Company within 21 days from the date of this announcement.

I. BACKGROUND INFORMATION

Reference is made to the section headed “Connected Transactions” of the Introduction Document and the certain continuing connected transactions referred to therein, in respect of which the Waiver has been granted by the Stock Exchange from strict compliance with the relevant requirements of the Listing Rules in respect of the Existing CCTs. The Waiver will expire on 31 December 2008. As stated in the Introduction Document, the Existing CCTs are governed by the respective agreements entered into between members of the Group and certain connected persons, the major terms and conditions of which have been summarised on pages 110 to 127 of the Introduction Document. Subsequent to the issue of the Introduction Document on 29 June 2007, inter alia, (i) a memorandum for increasing the rental of a property dated 12 August 2008 between the Company and Chaoyang Auxiliary; and (ii) a supplemental lease agreement for ceasing to rent a property dated 28 August 2007 between Chaopi Trading and Chaoyang Auxiliary, were entered into.

The Directors (including the independent non-executive Directors) consider that it is in the interest of the Group to continue the following Continuing Connected Transactions and therefore, the relevant members of the Group have entered into agreements (except for the Lease Agreements as set out in the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties”) to renew such transactions for a term of three years commencing on 1 January 2009.

II. EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Lease of properties

Chaoyang Auxiliary is the controlling shareholder of the Company which owns approximately 40.61% of the issued share capital of the Company and is one of the Company's promoters. By virtue of this relationship, Chaoyang Auxiliary is a connected person of the Company under the Listing Rules. Hence, the lease of properties by Chaoyang Auxiliary to the Company, Chaopi Trading and Xinyang Tongli as set out below constitutes Continuing Connected Transactions of the Group under the Listing Rules. The Company is principally engaged in the retail distribution of daily consumer products in the Greater Beijing Region. The principal business of Chaoyang Auxiliary is investment holding, the provision of property management services and property leasing to the Group and Independent Third Parties.

(a) Lease of properties by Chaoyang Auxiliary to the Company

Pursuant to the lease agreement dated 30 April 2004 and the three supplemental lease agreements dated 12 March 2005, 25 July 2005 and 24 March 2006, respectively, another two lease agreements dated 25 July 2005 and 4 April 2006, respectively and a confirmation letter dated 19 March 2007 entered into between the Company and Chaoyang Auxiliary, Chaoyang Auxiliary has agreed to lease to the Company certain properties (referred to as the "JKL Properties" on page 110 of the Introduction Document) for terms of between 10 years to 20 years commencing on 1 January 2004, 1 July 2005 and 1 July 2006 (as the case may be) with fixed annual rentals (inclusive of the relevant business and property taxes) for four to six year periods (as the case may be). On 12 August 2008, the Company and Chaoyang Auxiliary entered into a memorandum for increasing the rental of the property numbered 17 on page 328 of the Introduction Document by RMB500,000 per annum for the period from 1 January 2009 to 31 December 2012, RMB630,000 per annum for the period from 1 January 2013 to 31 December 2015, and RMB826,875 per annum for the period from 1 January 2016 to 31 August 2018.

The aggregate rental payable to Chaoyang Auxiliary by the Company in respect of all the aforesaid lease agreements (as supplemented) (together, the "JKL Lease Agreements") is RMB7,485,610 per annum for the period from 1 January 2009 to 30 June 2010, RMB7,522,110 per annum for the period from 1 July 2010 to 31 December 2012, RMB7,652,110 per annum for the period from 1 January 2013 to 31 December 2013, RMB7,938,135 per annum for the period from 1 January 2014 to 31 December 2015, RMB8,135,010 per annum for the period from 1 January 2016 to 30 June 2016, RMB7,916,010 per annum for the period from 1 July 2016 to 31 August 2018, RMB7,089,135 per annum for the period from 1 September 2018 to 31 December 2018, and RMB7,389,460 per annum for the period from 1 January 2019 to 31 December 2023. Accordingly, the aggregate rental payable for the three years ending 31 December 2011, being

RMB7,485,610, RMB7,503,860 and RMB7,522,110, respectively, and RMB7,486,000, RMB7,504,000 and RMB7,523,000 are set as the respective annual caps for these Continuing Connected Transactions.

The annual rental payable under the JKL Lease Agreements was determined based on the historical transaction amounts and the geographical location of the aforementioned properties. The said rental is paid in advance on a quarterly or half-yearly basis (as the case may be).

All the aforementioned properties leased by Chaoyang Auxiliary to the Company under the JKL Lease Agreements are located in the Chaoyang District, Beijing and are principally used by the Company to operate 14 supermarkets, 27 convenience stores and the live and fresh produce Logistics Centre. The total gross area of the said properties is approximately 86,766 sq.m.

The Company was granted a first right to purchase any of the aforementioned properties on the same terms and conditions as those offered by an Independent Third Party should Chaoyang Auxiliary decide to sell or mortgage any such properties. In addition, the Company has an option to renew the lease upon its expiry on terms no less favourable than those under the JKL Lease Agreements and by reference to the then prevailing market conditions.

(b) Lease of properties by Chaoyang Auxiliary to Chaopi Trading

Pursuant to a lease agreement dated 30 April 2004 and a supplemental lease agreement dated 25 July 2005 entered into between Chaoyang Auxiliary and Chaopi Trading, Chaoyang Auxiliary has agreed to lease to Chaopi Trading certain properties (referred to as the “Chaopi Properties” on page 122 of the Introduction Document) for a term of 20 years commencing on 1 January 2004 with a fixed annual rental (inclusive of the relevant business and property taxes) for each five year period. On 28 August 2007, Chaoyang Auxiliary and Chaopi Trading entered into another supplemental lease agreement for ceasing to rent the property numbered 106 on page 374 of the Introduction Document from 1 July 2007.

Chaopi Trading is an approximately 76.42% held subsidiary of the Company and hence, the lease of properties by Chaoyang Auxiliary to Chaopi Trading constitutes a Continuing Connected Transaction of the Group under the Listing Rules. Chaopi Trading is principally engaged in the wholesale distribution of general merchandise.

The aggregate rental payable to Chaoyang Auxiliary by Chaopi Trading in respect of the aforesaid lease agreements (as supplemented) (together, the “Chaopi Lease Agreements”) shall be RMB984,689 per annum for the period from 1 January 2009 to 31 December 2013, RMB1,026,082 per annum for the period from 1 January 2014 to 31 December 2018, and RMB1,069,546 per annum for the period from 1 January 2019 to 31 December 2023. Accordingly, the annual rental payable under the Chaopi Lease Agreements for the three years ending 31 December 2011, being RMB984,689, RMB984,689 and RMB984,689, respectively, and RMB985,000, RMB985,000 and RMB985,000 are set as the respective annual caps for these Continuing Connected Transactions.

The annual rental payable under the Chaopi Lease Agreements was determined based on the historical transaction amounts and the geographical location of the aforementioned properties. The said rental is paid in advance on a half-yearly basis.

All the aforementioned properties leased by Chaoyang Auxiliary to Chaopi Trading under the Chaopi Lease Agreements are located in the Chaoyang District, Beijing for office and warehouse uses with a total gross area of approximately 12,271 sq.m.

Chaopi Trading was granted a first right to purchase any of the aforementioned properties on the same terms and conditions as those offered by an Independent Third Party should Chaoyang Auxiliary decide to sell or mortgage any such properties. In addition, Chaopi Trading has an option to renew the lease upon its expiry on terms no less favourable than those under the Chaopi Lease Agreements and by reference to the then prevailing market conditions.

(c) Lease of properties by Chaoyang Auxiliary to Xinyang Tongli

Pursuant to a lease agreement dated 1 July 2004 and a supplemental lease agreement dated 25 July 2005 (together the “Xinyang Lease Agreements”) entered into between Chaoyang Auxiliary and Xinyang Tongli, Chaoyang Auxiliary has agreed to lease to Xinyang Tongli certain property (referred to as the “Xinyang Property” on page 123 of the Introduction Document) for a term of 20 years commencing on 1 January 2004 with a fixed annual rental (inclusive of the relevant business and property taxes) for each five year period.

Xinyang Tongli is an approximately 52.03% held subsidiary of the Company and hence, the lease of property by Chaoyang Auxiliary to Xinyang Tongli constitutes a Continuing Connected Transaction of the Group under the Listing Rules. Xinyang Tongli is principally engaged in the production of plastic packaging materials and installation and maintenance of commercial equipment.

The aggregate rental payable to Chaoyang Auxiliary by Xinyang Tongli under the Xinyang Lease Agreements shall be RMB16,931 per annum for the period from 1 January 2009 to 31 December 2013, RMB17,639 per annum for the period from 1 January 2014 to 31 December 2018, and RMB18,383 per annum for the period from 1 January 2019 to 31 December 2023. Accordingly, the annual rental payable under the Xinyang Lease Agreements for the three years ending 31 December 2011, being RMB16,931, RMB16,931 and RMB16,931, respectively, and RMB17,000, RMB17,000 and RMB17,000 are set as the respective annual caps for these Continuing Connected Transactions.

The annual rental payable under the Xinyang Lease Agreements was determined based on the historical transaction amounts and the geographical location of the aforementioned property. The said rental is paid in advance on a half-yearly basis.

All the aforementioned property leased by Chaoyang Auxiliary to Xinyang Tongli under the Xinyang Lease Agreements are located in the Chaoyang District, Beijing for commercial, office, warehouse and industrial uses, with a total gross area of approximately 1,362 sq.m.

Xinyang Tongli was granted a first right to purchase any of the aforementioned properties on the same terms and conditions as those offered by an Independent Third Party should Chaoyang Auxiliary decide to sell or mortgage any such properties. In addition, Xinyang Tongli has an option to renew the lease upon its expiry on terms no less favourable than those under the Xinyang Lease Agreements and by reference to the then prevailing market conditions.

Since the JKL Lease Agreements, the Chaopi Lease Agreements and the Xinyang Lease Agreements were entered into between the Group and the same connected person, the Continuing Connected Transactions under the same are aggregated for the purposes of Rule 14A.27 of the Listing Rules.

Opinion of the Independent Financial Adviser and compliance with Rule 14A.35(1) of the Listing Rules

For the purpose of compliance with Rule 14A.35(1) of the Listing Rules that the term of the agreement shall not be more than three years, except in special circumstances which are limited to cases where the nature of the transaction requires the Lease Agreements to be of a duration which is longer than three years. Accordingly, the Independent Financial Adviser has been appointed to, inter alia, opine on the lease terms of the Lease Agreements which are of a term exceeding three years and to confirm that it is normal business practice for agreements of such type to be of such duration.

The Directors are of the view that the business nature of the Group requires the Company or its subsidiaries to enter into long-term leases given that:

- (i) the long-term nature of the Lease Agreements will enable stores for retails and wholesales to secure a location and to prevent unnecessary cost, effort, time and interruption of business caused by the relocation in the case of short-term leases;
- (ii) the Lease Agreements allow the Group to have greater flexibility in the said leasing arrangements as the Group has been granted a right to terminate the lease of any particular property under the Lease Agreements without paying any compensation by giving no less than six months' prior written notice to Chaoyang Auxiliary;
- (iii) the long-term nature the Lease Agreements will prevent the Group to be affected by market rent fluctuation;
- (iv) the long-term nature of the Lease Agreements will prevent the recurrence of initial investment costs such as initial set-up costs and interior decoration in the case of short-term leases; and
- (v) it takes time to build up relationships between the Company and its customers of the supermarkets and the convenience stores (as the case may be) in any given location. Any relocation of the above may adversely affect the customer base and the business performance of the relocated market or store. The long-term nature of the Lease Agreements may enhance customer's loyalty and help maintain stable sales revenues of the Company.

Having reviewed the publicly available information regarding the duration of the lease of the properties leased by companies and department stores in the industry in which the Group operates, the Independent Financial Adviser concurs with the Directors' view that the terms of the Lease Agreements, being more than three years, are beneficial to the Group and are in the

interests of the shareholders of the Company and the Company as a whole, and it is a normal practice for lease agreements of this kind to have a duration of more than three years.

2. Supply of tea leaves by Beijing Wuyifeng to the Group

Beijing Wuyifeng has been supplying, on a non-exclusive basis, to the Group various types of tea leaves for sale to its customers, pursuant to a supply agreement dated 5 April 2006 between the Company and Beijing Wuyifeng. Beijing Wuyifeng is owned by Mr. Xia Wensheng (“Mr. Xia”) as to 80% of its capital and Mr. Xia is one the Company’s promoters holding an equity interest of approximately 0.50% in the Company. Hence, Beijing Wuyifeng is a connected person of the Company under the Listing Rules. Beijing Wuyifeng is principally engaged in the wholesale distribution of tea leaves.

On 27 October 2008, the Company and Beijing Wuyifeng entered into a supply agreement (the “Wuyifeng Supply Agreement”) to extend the term of the abovesaid supply agreement dated 5 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Wuyifeng Supply Agreement, Beijing Wuyifeng has agreed to supply, on a non-exclusive basis, to the Group various types of tea leaves for sale to its customers. Upon its expiry, the Company has the right to renew the Wuyifeng Supply Agreement on no less favourable terms. Under the Wuyifeng Supply Agreement, Beijing Wuyifeng has agreed that the consideration payable by the relevant member of the Group for the supply of the same tea leaves will not be higher, on the same per unit price basis, than the consideration paid to it by any other third party and will not be higher than the then prevailing market prices. In addition, the Company has to pay the purchase price of tea leaves within one month after its delivery.

It is estimated that the total consideration payable by the Group to Beijing Wuyifeng in relation to the purchase of tea leaves for each of the three years ending 31 December 2011 will not exceed RMB5,480,000, RMB6,300,000 and RMB6,930,000, 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 sales of tea leaves based on historical transaction amounts; (ii) the increase in the demand for tea leaves 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 anticipated increase in the Group’s demand for tea leaves due to the opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with more than 20 new hypermarkets, supermarkets and/or convenience stores (as the case may be) to be opened each year) leading to a higher sales volume of tea leaves by the Group; and (iv) the general trend of growth in the retail industry and the expected continual growth of the local economy in the Greater Beijing Region.

3. Supply of raw meat by Beijing Yingguangda to the Group

Beijing Yingguangda has been supplying, on a non-exclusive basis, to the Group various types of raw meat for sale to its customers, pursuant to a supply agreement dated 3 April 2006 between the Company and Beijing Yingguangda. Mr. Gao Jiaqiang (“Mr. Gao”) is one of the Company’s promoters holding approximately 0.50% of the issued shares of the Company. Mr. Gao holds an equity interest of 66.67% in Beijing Yingguangda. Hence, Beijing Yingguangda is a connected person of the Company under the Listing Rules. Beijing Yingguangda is principally engaged in the wholesale distribution of raw meat.

On 27 October 2008, the Company and Beijing Yingguangda entered into a supply agreement (the “Yingguangda Supply Agreement”) to extend the term of the abovesaid supply agreement dated 3 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Yingguangda Supply Agreement, Beijing Yingguangda has agreed to supply, on a non-exclusive basis, to the Group various types of raw meat for sale to its customers. Upon its expiry, the Company has the right to renew the Yingguangda Supply Agreement on no less favourable terms. Under the Yingguangda Supply Agreement, Beijing Yingguangda has agreed that the consideration payable by the relevant member of the Group for the supply of the same raw meat will not be higher, on the same per unit price basis, than the consideration paid to it by any other third party and will not be higher than the then prevailing market prices. In addition, the Company has to pay the purchase price of raw meat within one month after its delivery.

It is estimated that the total consideration payable by the Group to Beijing Yingguangda in relation to the purchase of raw meat for each of the three years ending 31 December 2011 will not exceed RMB9,800,000, RMB11,270,000 and RMB12,390,000, 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 raw meat based on historical transaction amounts; (ii) the increase in the demand for raw meat 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 anticipated increase in the Group’s demand for raw meat due to the opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with more than 20 new hypermarkets, supermarkets and/or convenience stores (as the case may be) to be opened each year) leading to higher sales volume of raw meat by 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 increase in the CPI and the price of food in the Greater Beijing Region. 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 food in the Greater Beijing Region for the first eight months of 2008 increased by approximately 6.1% and approximately 18%, respectively, compared to the same period in 2007.

4. Provision of interior decoration services by Tianjin Jinganghua to the Group

Tianjin Jinganghua has been providing interior decoration (including signboard installation) services to the Group pursuant to a service agreement dated 3 April 2006 between the Company and Tianjin Jinganghua. Tianjin Jinganghua is one of the Company's promoters holding approximately 1.26% of the issued shares of the Company. Hence, Tianjin Jinganghua is a connected person of the Company under the Listing Rules. Tianjin Jinganghua is principally engaged in the provision of interior decoration services.

On 27 October 2008, the Company and Tianjin Jinganghua entered into a service agreement (the "Jinganghua Service Agreement") to extend the term of the abovesaid service agreement dated 3 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Jinganghua Service Agreement, the Group has agreed, but at the Group's sole discretion and without obligation on its part, to invite Tianjin Jinganghua, on a non-exclusive basis, to submit quotations for the provision of interior decoration (including signboard installation) services to the Group. In the event that the quotation submitted by Tianjin Jinganghua is comparable to or lower than those given by the other contractors solicited by the Group, the Group would consider engaging Tianjin Jinganghua to undertake such services. Under the Jinganghua Service Agreement, Tianjin Jinganghua has agreed that the quotation for service that it may submit to the Group for the provision of interior decoration services will be comparable to or lower than that it provides to any other third party and will not be higher than the then prevailing market prices. The consideration for the provision of the said interior decoration services is settled within three months after the completion of the said services.

It is estimated that the total consideration payable by the Group to Tianjin Jinganghua in relation to the provision of interior decoration services for each of the three years ending 31 December 2011 will not exceed RMB10,020,000, RMB12,030,000 and RMB14,430,000, 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 costs of services to be provided and the consideration to be paid by the Group to Tianjin Jinganghua; (ii) the anticipated increase in the Group's demand for such services due to the opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with more than 20 new hypermarkets, supermarkets and/or convenience stores (as the case may be) to be opened each year); and (iii) the increase in the price of raw materials and labour costs in the Greater Beijing Region.

5. Provision of loan financing by the Company to Chaopi Jinglong

The Company has been providing loan financing to Chaopi Jinglong as working capital requirement through certain designated loan arrangement with Bank of Beijing. Mr. Li Jun Wei is a director of each of Chaopi Flavourings and Chaopi Jinglong and holds approximately 30.84%, 31.78% and 0.73% of the equity in Chaopi Flavourings, Chaopi Jinglong and Chaopi Trading, respectively. Chaopi Jinglong is held as to 54.23% by Chaopi Trading, which is held as to 76.42% by the Company. Chaopi Jinglong is an indirect subsidiary of the Company. Hence, Chaopi Jinglong is a connected person of the Company under the Listing Rules. Chaopi Jinglong is principally engaged in the wholesale distribution of edible oil.

Based on the said designated loan arrangement, the Company deposited a cash amount with Bank of Beijing, and Chaopi Jinglong received a loan from the said bank in the same amount as the deposit of the Company to be repaid by the end of the relevant 12-month period. Chaopi Jinglong paid an annual handling charge to the said bank and was solely responsible for the repayment to the Company of loan and related interest charged at the then prevailing bank lending rate. Such designated loan arrangement is a common form of lending between companies in the PRC and complies with the relevant PRC laws and regulations.

On 27 October 2008, the Company and Chaopi Jinglong entered into a designated loan agreement (the “Jinglong Loan Agreement”) of which the Company has agreed to provide financing to Chaopi Jinglong through the aforesaid designated loan arrangement for a term of three years commencing on 1 January 2009.

It is estimated that the total amounts outstanding from Chaopi Jinglong under the Jinglong Loan Agreement, representing the highest daily outstanding balance of the loan, during each of the three years ending 31 December 2011 will not exceed RMB20,000,000, RMB20,000,000 and RMB20,000,000, respectively. The said loan will also be subject to an interest charged with reference to the then prevailing bank lending rate (being 7.29% per annum for 2008). It is estimated that the amounts of the said highest daily outstanding balance of the loan and the interest for each of the three years ending 31 December 2011, will not exceed RMB22,000,000, RMB22,000,000 and RMB22,000,000, respectively, and such amounts have accordingly been set as the proposed annual caps for this Continuing Connected Transaction.

The proposed annual caps have been estimated primarily based on (i) the historical maximum amount outstanding from Chaopi Jinglong; (ii) the estimated future working capital requirement of Chaopi Jinglong; and (iii) an increase in 10% of the interest per year.

Listing Rules implications

The Directors expect the annual caps in relation to the Continuing Connected Transactions as set out in this section headed “II. Exempt Continuing Connected Transactions” for each of the three years ending 31 December 2011 will exceed 0.1% and be less than 2.5% of the applicable percentage ratios under Rule 14A.34(1) of the Listing Rules. Accordingly, these Continuing Connected Transactions are only subject to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. If the annual caps for these respective transactions for the three years ending 31 December 2011 are expected to be exceeded, the Company will ensure re-compliance with Rule 14A.36 of the Listing Rules. These Continuing Connected Transactions will continue to be subject to the annual review requirements set out in Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, are of the view that each of the Exempt Continuing Connected Transactions has been entered into on normal commercial terms and are in the ordinary and usual course of business of the Group and are on terms no less favourable to the Group than those provided by Independent Third Parties.

III. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Provision of delivery and logistics services by Chaopi Trading to Chaopi Flavourings

Chaopi Trading has been providing delivery and logistics services to Chaopi Flavourings for the delivery of products to both the Group and other third party customers pursuant to a service agreement dated 3 April 2006 between Chaopi Trading and Chaopi Flavourings. Mr. Li Jun Wei is a director of each of Chaopi Flavourings and Chaopi Jinglong and holds approximately 30.84%, 31.78% and 0.73% of the equity in Chaopi Flavourings, Chaopi Jinglong and Chaopi Trading, respectively. Chaopi Flavourings is held as to 52.63% by Chaopi Trading, which is held as to 76.42% by the Company. Chaopi Flavourings is an indirect subsidiary of the Company. Hence, Chaopi Flavourings is a connected person of the Company under the Listing Rules. Chaopi Flavourings is principally engaged in the wholesale distribution of flavourings, edible oil and food.

On 27 October 2008, Chaopi Trading and Chaopi Flavourings entered into a service agreement (the “Flavourings Service Agreement”) to extend the term of the abovesaid service agreement dated 3 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Flavourings Service Agreement, Chaopi Trading has agreed to provide delivery and logistics services to Chaopi Flavourings for the delivery of products to both the

Group and other third party customers. Upon its expiry, Chaopi Trading has the right to renew the Flavourings Service Agreement on no less favourable terms. Under the Flavourings Service Agreement, the consideration payable by Chaopi Flavourings to the Group for the provision of such delivery services will not be less than (i) the prevailing market fees, and (ii) the consideration charged by the Group for the provision of similar services to any other party. The consideration for the provision of the said delivery and logistics services is settled on a monthly basis.

It is estimated that the total consideration payable by Chaopi Flavourings to Chaopi Trading in relation to the provision of delivery and logistics services for each of the three years ending 31 December 2011 will not exceed RMB16,800,000, RMB23,100,000 and RMB31,800,000, 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 logistics services provided by Chaopi Trading to Chaopi Flavourings; (ii) the expected charging rate for such services for the year ending 31 December 2009, which shall be increased from 2.1% in 2008 to 2.7% in 2009, of the annual sales of Chaopi Flavourings for the same year, plus a premium which shall be increased from approximately 10% in 2008 to 13% in 2009; (iii) an estimated 25% increase in the said charging rate set out under paragraph (ii) above for each of the two years ending 31 December 2011, primarily due to the increase in energy and labour costs in the Greater Beijing Region. 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 for the first eight months of 2008 increased by approximately 37% compared to the same period in 2007; and (iv) the broadening of the location of the delivery and logistics services to be provided by Chaopi Trading arising from the expansion of the customer base of Chaopi Flavourings to the rural areas, in line with the urbanisation in Beijing, which in turn increases the cost of delivery of Chaopi Trading.

2. Provision of delivery and logistics services by Chaopi Trading to Chaopi Jinglong

Chaopi Trading has been providing delivery and logistics services to Chaopi Jinglong for the delivery of products to both the Group and other third party customers pursuant to a service agreement dated 3 April 2006 between Chaopi Trading and Chaopi Jinglong.

On 27 October 2008, Chaopi Trading and Chaopi Jinglong entered into a service agreement (the “Jinglong Service Agreement”) to extend the term of the abovesaid service agreement dated 3 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Jinglong Service Agreement, Chaopi Trading has agreed to provide delivery and logistics services to Chaopi Jinglong for the delivery of products to both the Group and other third party customers. Upon its expiry, Chaopi Trading has the right to renew the Jinglong

Service Agreement on no less favourable terms. Under the Jinglong Service Agreement, the consideration payable by Chaopi Jinglong to the Group for the provision of such delivery services will not be less than (i) the prevailing market fees; and (ii) the consideration charged by the Group for the provision of similar services to any other party. The consideration for the provision of the said delivery and logistics services is settled on a monthly basis.

It is estimated that the total consideration payable by Chaopi Jinglong to Chaopi Trading in relation to the provision of delivery and logistics services for each of the three years ending 31 December 2011 will not exceed RMB11,700,000, RMB16,100,000 and RMB22,200,000, 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 logistics services provided by Chaopi Trading to Chaopi Jinglong; (ii) the expected charging rate of the services for the year ending 31 December 2009, which shall be increased from 2.1% in 2008 to 3.0% in 2009, of the annual sales of Chaopi Jinglong in the same year, plus a premium which shall be increased from approximately 10% in 2008 to 13 % in 2009; (iii) an estimated 25% increase in the said charging rate set out under paragraph (ii) above for each of the two years ending 31 December 2011, primarily due to the increase in energy and labour costs in the Greater Beijing Region. 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 for the first eight months of 2008 increased by approximately 37% compared to the same period in 2007; and (iv) the broadening of the location of the targets of the delivery and logistics services to be provided by Chaopi Trading arising from the expansion of the customer base of Chaopi Jinglong to the rural areas, in line with the urbanisation in Beijing, which in turn increases the cost of delivery of Chaopi Trading.

For the purposes of Rule 14A.27 of the Listing Rules, the provision of delivery and logistics services by Chaopi Trading to Chaopi Flavourings and the provision of delivery and logistics services by Chaopi Trading to Chaopi Jinglong have been aggregated.

3. Supply of cooked food by Jiazeng Foodstuff to the Group

Jiazeng Foodstuff has been supplying, on a non-exclusive basis, to the Group various types of cooked food for sale to its customers, pursuant to a supply agreement dated 6 April 2006 between the Company and 北京朝陽新龍福利食品加工廠 (Beijing Chaoyang Xinlong Fuli Foodstuff Processing Company Limited* (“Chaoyang Xinlong”)) (as supplemented by a supplemental agreement dated 8 August 2006 under which the rights and obligations of Chaoyang Xinlong under the said supply agreement were transferred to Jiazeng Foodstuff). Mr. Ma Jiazeng (“Mr. Ma”) holds an equity interest of 59.7% in Beijing Jiazeng, which is one of the Company’s promoters holding approximately 0.77% of the issued shares of the

Company. Mr. Ma holds an indirect equity interest of approximately 66.7% in Jiazeng Foodstuff. Hence, Jiazeng Foodstuff is a connected person of the Company under the Listing Rules. Jiazeng Foodstuff is principally engaged in the wholesale distribution of cooked food.

On 27 October 2008, the Company and Jiazeng Foodstuff entered into a supply agreement (the “Jiazeng Supply Agreement”) to extend the term of the abovesaid supply agreement dated 6 April 2006) (as supplemented) for a term of three years commencing on 1 January 2009. Pursuant to the Jiazeng Supply Agreement, Jiazeng Foodstuff has agreed to supply, on a non-exclusive basis, to the Group various types of cooked food for sale to its customers. Upon its expiry, the Company has the right to renew the Jiazeng Supply Agreement on no less favourable terms. Under the Jiazeng Supply Agreement, Jiazeng Foodstuff has agreed that the consideration payable by the relevant member of the Group for the supply of the same cooked food will not be higher, on the same per unit price basis, than the consideration paid to it by any other third party and will not be higher than the then prevailing market prices. In addition, the Company has to pay the purchase price of cooked food within one month after its delivery.

It is estimated that the total consideration payable by the Group to Jiazeng Foodstuff in relation to the purchase of cooked food for each of the three years ending 31 December 2011 will not exceed RMB23,400,000, RMB26,450,000 and RMB29,090,000, 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 cooked food based on historical transaction amounts; (ii) the increase in demand for cooked food 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 anticipated increase in the Group’s demand for cooked food due to the opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with more than 20 new hypermarkets, supermarkets and/or convenience stores (as the case may be) to be opened each year) leading to higher sales volume of cooked food by 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 increase in the CPI and the price of food in the Greater Beijing Region. 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 food in the Greater Beijing Region for the first eight months of 2008 increased by approximately 6.1% and approximately 18%, respectively, compared to the same period in 2007.

4. Supply of flavourings, grain, flour, edible oil products and other food stuff by Chaopi Flavourings to the Group

Chaopi Flavourings has been supplying, on a non-exclusive basis, to the Group various types of flavourings, grains, flour, edible oil products and other food stuff (the “Chaopi Flavourings Products”) for sale to its customers pursuant to a supply agreement dated 3 April 2006 between the Company and Chaopi Flavourings.

On 27 October 2008, the Company and Chaopi Flavourings entered into a supply agreement (the “Flavourings Supply Agreement”) to extend the term of the abovesaid supply agreement dated 3 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Flavourings Supply Agreement, Chaopi Flavourings has agreed to supply, on a non-exclusive basis, to the Group the Chaopi Flavourings Products for sale to its customers. Upon its expiry, the Company has the right to renew the Flavourings Supply Agreement on no less favourable terms. Under the Flavourings Supply Agreement, Chaopi Flavourings has agreed that the consideration payable by the relevant member of the Group for the supply of the same Chaopi Flavourings Products will not be higher, on the same per unit price basis, than the consideration paid to it by any other third party and will not be higher than the then prevailing market prices. In addition, the Company has to pay the purchase price of Chaopi Flavourings Products within one month after its delivery.

It is estimated that the total consideration payable by the Group to Chaopi Flavourings in relation to the purchase of the Chaopi Flavourings Products for each of the three years ending 31 December 2011 will not exceed RMB92,400,000, RMB106,000,000 and RMB116,890,000, 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 Flavourings Products based on historical transaction amounts; (ii) the increase in demand for Chaopi Flavourings 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 anticipated increase in the Group’s demand for Chaopi Flavourings Products due to the opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with more than 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 of continual growth of the local economy in the Greater Beijing Region; and (v) the increase in the CPI and the price of food in the Greater Beijing Region. 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 food in the Greater Beijing Region for the first eight months of 2008 increased by approximately 6.1% and approximately 18%, respectively, compared to the same period in 2007.

5. Supply of edible oil and other food stuff by Chaopi Jinglong to the Group

Chaopi Jinglong has been supplying, on a non-exclusive basis, to the Group various types of edible oil products and other food stuff (the “Chaopi Jinglong Products”) for sale to its customers pursuant to a supply agreement dated 3 April 2006 between the Company and Chaopi Jinglong.

On 27 October 2008, the Company and Chaopi Jinglong entered into a supply agreement (the “Jinglong Supply Agreement”) to extend the term of the abovesaid supply agreement dated 3 April 2006 for a term of three years commencing on 1 January 2009. Pursuant to the Jinglong Supply Agreement, Chaopi Jinglong has agreed to supply, on a non-exclusive basis, to the Group the Chaopi Jinglong Products for sale to its customers. Upon its expiry, the Company has the right to renew the Jinglong Supply Agreement on no less favourable terms. Under the Jinglong Supply Agreement, Chaopi Jinglong has agreed that the consideration payable by the relevant member of the Group for the supply of the same Chaopi Jinglong Products will not be higher, on the same per unit price basis, than the consideration paid to it by any other third party and will not be higher than the then prevailing market prices. In addition, the Company has to pay the purchase price of Chaopi Jinglong Products within one month after its delivery.

It is estimated that the total consideration payable by the Group to Chaopi Jinglong in relation to the purchase of the Chaopi Jinglong Products for each of the three years ending 31 December 2011 will not exceed RMB64,400,000, RMB74,000,000 and RMB85,100,000, 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 Jinglong Products based on historical transaction amounts; (ii) the increase in the demand for Chaopi Jinglong Products arising the integration of the retail network of Shou Lian, which are operated under the Group’s franchise arrangements, into the Group; (iii) the anticipated increase in the Group’s demand for Chaopi Jinglong Products due to the opening of more hypermarkets, supermarkets and convenience stores in the three years ending 31 December 2011 (with more than 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 increase in the CPI and the price of food in the Greater Beijing Region. 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 food in the Greater Beijing Region for the first eight months of 2008 increased by approximately 6.1% and approximately 18%, respectively, compared to the same period in 2007.

6. Provision of loan financing by the Company to Chaopi Flavourings

The Company has been providing loan financing to Chaopi Flavourings as working capital requirement through certain designated loan arrangement with Bank of Beijing in the same manner as referred to in the section headed “II. Exempt Continuing Connected Transactions – 5. Provision of loan financing by the Company to Chaopi Jinglong” above.

On 27 October 2008, the Company and Chaopi Flavourings entered into a designated loan agreement (the “Flavourings Loan Agreement”) of which the Company has agreed to provide financing to Chaopi Flavourings through the aforesaid designated loan arrangement for a term of three years commencing on 1 January 2009.

It is estimated that the total amounts outstanding from Chaopi Flavourings under the Flavourings Loan Agreement, representing the highest daily outstanding balance of the loan, during each of the three years ending 31 December 2011 will not exceed RMB30,000,000, RMB30,000,000 and RMB30,000,000, respectively. The said loan will also be subject to an interest charged with reference to the then prevailing bank lending rate (being 7.29% per annum for 2008). It is estimated that the amounts of the said highest daily outstanding balance of the loan and the interest for each of the three years ending 31 December 2011 will not exceed RMB33,000,000, RMB33,000,000 and RMB33,000,000, respectively, and such amounts have accordingly been set as the proposed annual caps for this Continuing Connected Transaction.

The proposed annual caps have been estimated primarily based on (i) the historical maximum amount outstanding from Chaopi Flavourings; (ii) the estimated future working capital requirement of Chaopi Flavourings; and (iii) an increase in 10% of the interest per year.

Listing Rules implications

The Directors estimate that the consideration ratios of the proposed annual transaction amounts over the relevant periods under each of the Non-exempt Continuing Connected Transactions for the three years ending 31 December 2011, exceed 2.5% but are less than 25% and the annual considerations exceed HK\$10 million. Accordingly the agreements for each of the Non-exempt Continuing Connected Transactions are subject to the reporting and announcement requirements and the independent shareholders’ approval requirement under Rules 14A.35 (3) and 14A.35 (4) respectively.

An independent board committee, comprising Mr. *Fan Faming*, Mr. *Huang Jiangming* and Mr. *Chung Chi Kong*, all of whom are the independent non-executive Directors, will be established to advise the Independent Shareholders on the terms of each of the agreements for the Non-exempt Continuing Connected Transactions. The Independent Financial Adviser has been appointed to advise the independent board committee of the Company and the

Independent Shareholders on the terms of each of the agreements for the Non-exempt Continuing Connected Transactions.

An EGM will be held for the Independent Shareholders to consider and approve each of the agreements for the Non-exempt Continuing Connected Transactions 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.

A circular containing, among other things, details of the Non-exempt Continuing Connected Transactions, a letter from the independent board committee of the Company to the Independent Shareholders and a letter of advice from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders, together with the notice convening the EGM will be despatched to the shareholders of the Company within 21 days from the date of this announcement.

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 2007 and the eight months ended 31 August 2008:

	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000	Eight months ended 31 August 2008 RMB'000
<i>Exempt Continuing Connected Transactions</i>			
1(a) Lease of properties by Chaoyang Auxiliary to the Company	7,062	6,713	4,475
<i>Annual cap (note)</i>	<i>7,135</i>	<i>7,135</i>	<i>7,135</i>
1(b) Lease of properties by Chaoyang Auxiliary to Chaopi Trading	1,099	1,099	630
<i>Annual cap (note)</i>	<i>1,099</i>	<i>1,099</i>	<i>1,099</i>
1(c) Lease of properties by Chaoyang Auxiliary to Xinyang Tongli	17	16	11
<i>Annual cap (note)</i>	<i>17</i>	<i>17</i>	<i>17</i>
2. Supply of tea leaves by Beijing Wuyifeng to the Group	4,644	4,160	3,547
<i>Annual cap (note)</i>	<i>6,600</i>	<i>7,500</i>	<i>8,700</i>

3.	Supply of raw meat by Beijing Yingguangda to the Group	7,438	923	6,071
	<i>Annual cap (note)</i>	<i>18,400</i>	<i>16,600</i>	<i>16,600</i>
4.	Provision of interior decoration services by Tianjin Jinganghua to the Group	5,246	2,721	6,917
	<i>Annual cap (note)</i>	<i>5,250</i>	<i>6,300</i>	<i>7,350</i>
5.	Provision of loan financing by the Company to Chaopi Jinglong	20,000	20,000	20,000
	<i>Annual cap (note)</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>

Non-exempt Continuing Connected Transactions

1.	Provision of delivery and logistics services by Chaopi Trading to Chaopi Flavourings	7,443	9,827	8,346
	<i>Annual cap (note)</i>	<i>9,050</i>	<i>10,391</i>	<i>11,934</i>
2.	Provision of delivery and logistics services by Chaopi Trading to Chaopi Jinglong	2,679	4,105	3,180
	<i>Annual cap (note)</i>	<i>3,633</i>	<i>4,162</i>	<i>4,771</i>
3.	Supply of cooked food by Jiazeng Foodstuff to the Group	16,090	20,862	13,299
	<i>Annual cap (note)</i>	<i>25,400</i>	<i>29,200</i>	<i>33,530</i>
4.	Supply of Chaopi Flavourings Products by Chaopi Flavourings to the Group	45,144	41,413	42,946
	<i>Annual cap (note)</i>	<i>61,100</i>	<i>73,300</i>	<i>84,300</i>
5.	Supply of Chaopi Jinglong Products by Chaopi Jinglong to the Group	14,551	35,677	25,170
	<i>Annual cap (note)</i>	<i>31,000</i>	<i>43,400</i>	<i>56,400</i>
6.	Provision of loan financing by the Company to Chaopi Flavourings	20,000	20,000	20,000
	<i>Annual cap (note)</i>	<i>40,000</i>	<i>40,000</i>	<i>40,000</i>

Note: These are the annual caps for the Existing CCTs for the three years ending 31 December 2008 as agreed under the waivers set out in the Prospectus and the Introduction Document, respectively.

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 three years ending 31 December 2011:

		Year ending 31 December		
		2009	2010	2011
		RMB'000	RMB'000	RMB'000
<i>Exempt Continuing Connected Transactions</i>				
1.(a)	Lease of properties by Chaoyang Auxiliary to the Company*	7,486	7,504	7,523
1.(b)	Lease of properties by Chaoyang Auxiliary to Chaopi Trading*	985	985	985
1.(c)	Lease of properties by Chaoyang Auxiliary to Xinyang Tongli*	17	17	17
2.	Supply of tea leaves by Beijing Wuyifeng to the Group	5,480	6,300	6,930
3.	Supply of raw meat by Beijing Yingguangda to the Group	9,800	11,270	12,390
4.	Provision of interior decoration services by Tianjin Jinganghua to the Group	10,020	12,030	14,430
5.	Provision of loan financing by the Company to Chaopi Jinglong	22,000	22,000	22,000
<i>Non-exempt Continuing Connected Transactions</i>				
1.	Provision of delivery and logistics services by Chaopi Trading to Chaopi Flavourings*	16,800	23,100	31,800
2.	Provision of delivery and logistics services by Chaopi Trading to Chaopi Jinglong*	11,700	16,100	22,200

3.	Supply of cooked food by Jiazeng Foodstuff to the Group	23,400	26,450	29,090
4.	Supply of Chaopi Flavourings Products by Chaopi Flavourings to the Group	92,400	106,000	116,890
5.	Supply of Chaopi Jinglong Products by Chaopi Jinglong to the Group	64,400	74,000	85,100
6.	Provision of loan financing by the Company to Chaopi Flavourings	33,000	33,000	33,000

* *For the purposes of ascertaining whether the percentage ratio of a Continuing Connected Transaction would exceed 0.1% and 2.5%, and hence whether it is an Exempt Continuing Connected Transaction or a Non-exempt Continuing Connected Transaction, the transactions within paragraphs 1.(a), (b) and (c) under the section “Exempt Continuing Connected Transactions” have been aggregated and the transactions within paragraphs 1. and 2. under the section “Non-exempt Continuing Connected Transactions” have been aggregated .*

VI. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As the Group has conducted the Continuing Connected Transactions with the relevant entities historically and the Group has built up a long term strategic and solid business relationship with these entities, the Directors, including the independent non-executive Directors (whose views are subject to the advice of the Independent Financial Adviser in respect of the Non-exempt Continuing Connected Transactions), consider it 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, including the independent non-executive Directors (whose views are subject to the advice of the Independent Financial Adviser in respect of the Non-exempt Continuing Connected Transactions), consider that the Continuing Connected Transactions have been subject to arm's length negotiation between the Group and the relevant parties, 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 (whose views are subject to the advice of the Independent Financial Adviser in respect of the Non-exempt Continuing Connected Transactions), 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 of the Company as a whole.

VII. INFORMATION OF THE GROUP

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

VIII. DEFINITIONS

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

“Board”	the board of directors of the Company
“Beijing Jiazeng”	北京加增工貿有限公司 (Beijing Jiazeng Gongmao Company Limited*), a company incorporated in the PRC and is one of the Company’s promoters
“Beijing Wuyifeng”	北京武夷峰茶葉銷售有限公司 (Beijing Wuyifeng Tea Leaves Sales Company Limited*), a company incorporated in the PRC
“Beijing Yingguangda”	北京應廣達食品有限公司 (Beijing Yingguangda Foodstuff Company Limited*), a company incorporated in the PRC
“Chaopi Flavourings”	北京市朝批調味品有限責任公司 (Beijing Chaopi Flavourings Company Limited*), a limited liability company incorporated in the PRC on 29 April 2001 and an approximately 52.63% held subsidiary of Chaopi Trading
“Chaopi Flavourings Products”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 4. Supply of flavourings, grain, flour,

	edible oil products and other food stuff by Chaopi Flavourings to the Group” in this announcement
“Chaopi Jinglong”	北京朝批京隆油脂銷售有限公司 (Beijing Chaopi Jinglong Oil Sales Company Limited*), a limited liability company incorporated in the PRC on 9 May 2005 and an approximately 54.23% held subsidiary of Chaopi Trading
“Chaopi Jinglong Products”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 5. Supply of edible oil and other food stuff by Chaopi Jinglong to the Group” in this announcement
“Chaopi Lease Agreements”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties – (b) Lease of properties by Chaoyang Auxiliary to Chaopi Trading” in this announcement
“Chaopi Properties”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties – (b) Lease of properties by Chaoyang Auxiliary to Chaopi Trading” in this announcement
“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 76.42% held subsidiary of the Company
“Chaoyang Auxiliary”	北京市朝陽副食品總公司 (Beijing Chaoyang Auxiliary Food Company*), a state-owned enterprise, the controlling shareholder of the Company and one of the Company’s promoters which owns approximately 40.61% of the Company’s issued capital

“Chaoyang Xinlong”	has the meaning ascribed to it in the section headed “III. Non-exempt Continuing Connected Transactions – 3. Supply of cooked food by Jiazeng Foodstuff to the Group” in this announcement
“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 “II. Exempt Continuing Connected Transactions” and “III. Non-exempt Continuing Connected Transactions” in this announcement
“CPI”	the consumer price index
“Directors”	the directors of the Company
“Existing CCTs”	the non-exempt continuing connected transactions of the Group set out in the section headed “Connected Transactions” on pages 110 to 129 of the Introduction Document
“EGM”	the extraordinary general meeting of the Company to be held for the purposes of considering and, if thought fit, approving, among other things, each of the agreements for the Non-exempt Continuing Connected Transactions and the relevant annual caps
“Exempt Continuing Connected Transactions”	the Continuing Connected Transactions under the section headed “II. Exempt Continuing Connected Transactions” in this announcement, which are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules

“Flavourings Loan Agreement”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 6. Provision of loan financing by the Company to Chaopi Flavourings” in this announcement
“Flavourings Service Agreement”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 1. Provision of delivery and logistics services by Chaopi Trading to Chaopi Flavourings” in this announcement
“Flavourings Supply Agreement”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 4. Supply of flavourings, grain, flour, edible oil products and other food stuff by Chaopi Flavourings to the Group” in this announcement
“Greater Beijing Region”	the region covering the whole Beijing city and 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
“Independent Financial Adviser”	Kingsway Capital Limited (滙富融資有限公司), a licensed corporation to carry out 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 of the Company and the Independent Shareholders

“Independent Shareholder(s)”	any shareholder(s) of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction under the Listing Rules
“Independent Third Party(ies)”	a person or company who/which is not a director, supervisor, promoter, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
“Introduction Document”	the introduction document issued by the Company on 29 June 2007 in connection with the Main Board Migration
“Jiazeng Foodstuff”	北京加增食品有限公司 (Beijing Jiazeng Foodstuff Company Limited*), a company incorporated in the PRC
“Jiazeng Supply Agreement”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 3. Supply of cooked food by Jiazeng Foodstuff to the Group” in this announcement
“Jinganghai Service Agreement”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 4. Provision of interior decoration services by Tianjin Jinganghai to the Group” in this announcement
“Jinglong Loan Agreement”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 5. Provision of loan financing by the Company to Chaopi Jinglong” in this announcement
“Jinglong Service Agreement”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 2. Provision of delivery and logistics services by Chaopi Trading to Chaopi Jinglong” in this announcement

“Jinglong Supply Agreement”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 5. Supply of edible oil and other food stuff by Chaopi Jinglong to the Group” in this announcement
“JKL Lease Agreements”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties – (a) Lease of properties by Chaoyang Auxiliary to the Company” in this announcement
“JKL Properties”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties – (a) Lease of properties by Chaoyang Auxiliary to the Company” in this announcement
"Lease Agreements"	the JKL Lease Agreements, the Chaopi Lease Agreements and the Xinyang Lease Agreements
“Listing Rules” or "Rule(s)"	the Rules Governing the Listing of Securities on the Stock Exchange
“Logistic Centre(s)”	the retail logistics centre(s) operated by the Group
“Main Board Migration”	the migration of the listing of the H shares of the Company from the Growth Enterprise Market to the Main Board of the Stock Exchange which was completed on 26 February 2008
“Mr. Gao”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 3. Supply of raw meat by Beijing Yingguangda to the Group” in this announcement
“Mr. Ma”	has the meaning ascribed to it under the section headed “III. Non-exempt Continuing Connected Transactions – 3. Supply of cooked food by Jiazeng Foodstuff to the Group” in this announcement
“Mr. Xia”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 2. Supply of tea leaves by Beijing Wuyifeng to the Group” in this announcement

“Non-exempt Continuing Connected Transactions”	the Continuing Connected Transactions under the section headed “III. Non-exempt Continuing Connected Transactions” in this announcement, which are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus issued by the Company on 12 September 2006 in connection with the initial public offering of the Company’s H shares
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 with approximately 11.04% equity interest held by the Company
“sq.m.”	square metre(s)
“Tianjin Jinganghua”	天津市金港華建築藝術裝飾工程有限公司 (Tianjin Jinganghua Jianzhu Art Decoration Work Company Limited*), a company incorporated in the PRC and is one of the Company’s promoters
“Waiver”	the waiver granted by the Stock Exchange with respect to the Existing CCTs
“Wuyifeng Supply Agreement”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 2. Supply of tea leaves by Beijing Wuyifeng to the Group” in this announcement

“Xinyang Lease Agreements”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties – (c) Lease of properties by Chaoyang Auxiliary to Xinyang Tongli” in this announcement
“Xinyang Property”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 1. Lease of properties – (c) Lease of properties by Chaoyang Auxiliary to Xinyang Tongli” in this announcement
“Xinyang Tongli”	北京欣陽通力商業設備有限公司 (Beijing Xinyang Tongli Commercial Facilities Company Limited*), a limited liability company incorporated in the PRC on 31 May 2002 and an approximately 52.03% held subsidiary of the Company
“Yingguangda Supply Agreement”	has the meaning ascribed to it under the section headed “II. Exempt Continuing Connected Transactions – 3. Supply of raw meat by Beijing Yingguangda to the Group” in this announcement
“%”	per cent.

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

Beijing, the PRC
27 October 2008

As at the date of this announcement, the executive directors of the Company are Mr. Wei Tingzhan, Mr. Li Jianwen, Ms. Li Chunyan and Mr. Liu Yuejin; the non-executive Directors are Mr. Gu Hanlin and Mr. Li Shunxiang; and the independent non-executive Directors are Mr. Fan Faming, Mr. Huang Jiangming and Mr. Chung Chi Kong.

** For identification purposes only*