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## DEFINITIONS

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

“affiliated company”	has the meaning as ascribed to it in the GEM Listing Rules
“Application Form(s)”	<b>WHITE</b> and <b>YELLOW</b> Application Form(s) in relation to the Public Offer, or if the context so requires, any of them
“Application Lists”	the application lists for the Public Offer
“Articles” or “Articles of Association”	the articles of association of the Company adopted by resolutions of its Shareholders on 18 February 2005, and as amended from time to time, a summary of the current version of which is set out in Appendix IV to this prospectus
“associate(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“BDRC”	北京市發展和改革委員會 (Beijing Municipal Development and Reform Committee)
“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 Promoters
“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 Promoters
“Beijing SASAC”	北京市人民政府國有資產監督管理委員會 (Beijing Municipal Government State-owned Assets Supervision and Administration Commission)
“Board”	the board of Directors
“Business Day”	a day that is not a Saturday, Sunday or a public holiday in Hong Kong
“CAGR”	compounded annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

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“CCASS Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“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 Huaqing”	北京市朝批華清飲料有限責任公司(Beijing Chaopi Huaqing Beverage Company Limited), a limited liability company incorporated in the PRC on 13 December 2000 and an approximately 52.22%-held subsidiary of Chaopi Trading
“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 Qingdao”	青島朝批錦隆商貿有限公司 (Qingdao Chaopi Jinlong Trading Company Limited), a limited liability company incorporated in the PRC on 28 September 2005 and an approximately 59.00%-held subsidiary of Chaopi Trading
“Chaopi Shijiazhuang”	石家莊朝批鑫隆商貿有限公司 (Shijiazhuang Chaopi Xinlong Trading Company Limited), a limited liability company incorporated in the PRC on 12 September 2005 and an approximately 59.00%-held subsidiary of Chaopi Trading
“Chaopi Shuanglong”	北京市朝批雙隆酒業銷售有限責任公司(Beijing Chaopi Shuanglong Alcohol Sales Company Limited), a limited liability company incorporated in the PRC on 29 August 2002 and an approximately 59.00%-held subsidiary of Chaopi Trading

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“Chaopi Tianxing”	北京市朝批天興果菜有限責任公司(Beijing Chaopi Tianxing Vegetables Company Limited), a limited liability company incorporated in the PRC on 31 July 2002 and owned as to approximately 35.48% by Chaopi Trading
“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
“Chaopi Ziguang”	北京朝批紫光商貿有限公司(Beijing Chaopi Ziguang Trading Company Limited), a limited liability company incorporated in the PRC on 8 December 2003 and owned as to approximately 45.45% by Chaopi Trading
“Chaoyang Auxillary”	北京市朝陽副食品總公司(Beijing Chaoyang Auxillary Food Company), a state-owned enterprise under the jurisdiction of SASAC of Chaoyang District and the controlling shareholder of the Company and one of the Promoters. After the completion of the Chaoyang Auxillary State Owned Assets Restructuring in June 2004, the principal business of Chaoyang Auxillary is investment holding in the Company, Tengyuan and Beijing Chaofu Labour Society (北京市朝富勞務服務社), and provision of property management and property leasing to the Group and Independent Third Parties, including the properties leased to the Group as disclosed in the “Connected Transactions” section in this prospectus
“Chaoyang Auxillary State Owned Assets Restructuring”	the restructuring undergone by Chaoyang Auxillary to segregate its operating/performing assets from its non-operating/non-performing assets, and rationalising its various business units and holding structure, details of which are set out in the section headed “History and development and Reorganisation” in this prospectus
“China Chain Operators Research Report”	二零零四年中國連鎖經營企業經營狀況分析報告(the 2004 China Chain Operators Research Report) published in May 2005 by 中國連鎖經營協會 (the China Chain Store and Franchise Association), an Independent Third Party
“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 with limited liability on the Effective Date, formerly known as Jingkelong Shang Sha and then as Jingkelong Supermarket, and was then converted into a joint stock limited company with effect from the Effective Date. Where the context refers to any time prior to the Effective Date, the Company shall mean Jingkelong Supermarket and its businesses which contributed to, and became of, the Company

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“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and in force from time to time
“Company Law”	中華人民共和國公司法 (the Company Law of the PRC) enacted by the Standing Committee of the 8th National People’s Congress on 29 December 1993, and which became effective on 1 July 1994, as amended, supplemented or otherwise modified and in force from time to time
“CSRC”	中國證券監督管理委員會 (the China Securities Regulatory Commission), a regulatory body responsible for the supervision and regulation of the PRC’s securities markets
“DBS Asia”, “Global Coordinator”, “Sponsor” or “Bookrunner”	DBS Asia Capital Limited, a corporation licensed under the SFO to engage in types 1, 4, and 6 of the regulated activities (as defined under the SFO) and a GEM-approved sponsor, acting as the global coordinator, bookrunner and lead manager of the Share Offer, and the sponsor to the Listing
“Despatch Date”	the date on which H Share certificates for the Offer Shares are despatched to/collected by applicants and/or deposited into CCASS for credit to the respective CCASS participants’ stock accounts designated by the placees or purchasers under the Share Offer
“Director(s)”	the director(s) of the Company
“Distribution Centre(s)”	the wholesale distribution centre(s) operated by the Group
“Distribution Outlet(s)”	Retail Outlet(s) and Distribution Centre(s)
“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 shareholders and credited as fully paid up in RMB, which shall include the State-owned Domestic Shares. For the avoidance of doubt, no application has been made for the listing of, and the permission to deal in, the Domestic Shares on GEM and therefore the Domestic Shares will not be eligible for trading on GEM immediately after completion of the Share Offer
“Effective Date”	1 November 2004, the date on which the Company was converted into a joint stock limited company
“Electronic Application Instruction(s)”	instruction(s) given by a CCASS Participant electronically via CCASS to HKSCC for an application to be made on its behalf for the Public Offer Shares and for the payment and refund of application moneys, in each case in accordance with the General Rules of CCASS, CCASS Operational Procedures and terms and conditions for CCASS Investor Participants in effect from time to time
“GDP”	gross domestic product

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“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of directors of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Greater Beijing Region”	the region covering the whole Beijing city and certain parts of Northern China peripheral to Beijing
“Group”	the Company and its subsidiaries or, where the context so requires in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company or some or any of them, as the case may be
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign share(s) of nominal value RMB1.00 each in the share capital of the Company, which are to be listed on GEM and subscribed for/purchased and traded in Hong Kong dollars
“Independent Third Party” or “Independent Third Parties”	a person or company who/which is not a Director, Supervisor, Promoter, chief executive, Significant Shareholder, Substantial Shareholder or Initial Management Shareholder of the Company or any of its subsidiaries or any of their respective associates
“Individual Promoters”	16 PRC individuals, namely Li Shunxiang, Yang Baoqun, Liu Yanli, Xia Wensheng, Gao Jiaqiang, Gu Hanlin, Wei Tingzhan, Dai Jing, Bai Xianrong, Chen Limin, Zhao Weili, Li Jianwen, Gao Jingsheng, Tian Junying, Qu Xinhua and Li Chunyan, all of them being promoters of the Company

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“Initial Management Shareholder(s)”	has the same meaning as ascribed to it in the GEM Listing Rules. For further details, please refer to the section headed “Substantial Shareholders, Initial Management Shareholders and Significant Shareholders” in this prospectus
“Jin Chaoyang”	北京金朝陽商貿國有資本營運公司 (Beijing Jin Chaoyang State-owned Capital Trading Company), a company incorporated on 1 July 1993 in the PRC as a state-owned enterprise. Pursuant to the notice issued in 2004 by the People’s Government of Chaoyang District titled 《關於區國資委監管範圍及監管方式的通知》(Notice in relation to the scope and methods of supervision by district SASAC), Jin Chaoyang, Chaoyang Auxillary and the Company were listed as entities within the jurisdiction of the SASAC of Chaoyang District. Jin Chaoyang is an Independent Third Party principally engaged in the administration and management of state-owned assets entrusted by the regional government into the trading system of the Chaoyang District
“Jingkelong Chain”	北京京客隆超市連鎖有限公司 (Beijing Jingkelong Supermarket Chain Company Limited), a limited liability company incorporated in the PRC on 5 July 2006 and a wholly-owned subsidiary of the Company
“Jingkelong Langfang”	北京京客隆(廊坊)有限公司(Beijing Jingkelong (Langfang) Company Limited), a limited liability company incorporated in the PRC on 26 April 2000 and a 80%-held subsidiary of the Company
“Jingkelong Shang Sha”	京客隆商廈 (Beijing Jingkelong Shang Sha), a State-owned enterprise incorporated in the PRC whose establishment in the PRC was approved by Administration for Industry and Commerce of Chaoyang District, Beijing on 12 May 1994 and the predecessor of Jingkelong Supermarket
“Jingkelong Supermarket”	北京京客隆超市連鎖集團有限公司(Beijing Jingkelong Supermarket Chain Group Company Limited), a State-owned holding enterprise incorporated in the PRC whose establishment in the PRC was approved by Beijing Administration for Industry and Commerce on 20 May 2002 and the predecessor of the Company. Prior to 6 December 2002, the name of Jingkelong Supermarket was 北京京客隆超市連鎖有限公司 (Beijing Jingkelong Supermarket Chain Company Limited)
“km”	kilometre(s)
“Latest Practicable Date”	5 September 2006, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus

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“Listing”	the listing of the H Shares on GEM
“Listing Date”	the date on which dealings in the H Shares shall first commence on GEM (currently expected to be 25 September 2006)
“Logistics Centre(s)”	the retail logistics centre(s) operated by the Group
“m”	metre(s)
“Mandatory Provisions”	到境外上市公司章程必備條款(the Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC) promulgated on 27 August 1994 by the Securities Commission and the SCRES, as amended, supplemented or otherwise modified from time to time
“Nomination Committee”	nomination committee of the Board
“NSSF Council”	全國社會保障基金理事會(The National Social Security Fund Council of the PRC), an organisation authorised by the State Council and is responsible for the administration of the State’s national social security fund
“Offer Price”	the offer price per Offer Share (before brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed or purchased pursuant to the Share Offer and to be determined on or before the Price Determination Date, which price will not be higher than HK\$4.50 per Offer Share and is currently expected to be not less than HK\$3.90 per Offer Share
“Offer Share(s)”	the Placing Shares and the Public Offer Shares
“Over-allotment Option”	the option granted by the Company and Chaoyang Auxillary to DBS Asia and exercisable by DBS Asia (on behalf of the Placing Underwriters), pursuant to which the Company may be required to issue, and Chaoyang Auxillary may be required to sell, up to an aggregate of additional 19,800,000 H Shares (comprising new H Shares to be issued by the Company and H Shares to be converted from the State-owned Domestic Shares held by Chaoyang Auxillary for the NSSF Council in the proportion of approximately 90.91% and 9.09%, respectively) (representing 15% of the H Shares initially being offered in the Share Offer) to cover over-allocation (if any) in the Placing, details of which are described in the section headed “Structure and conditions of the Share Offer” in this prospectus

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“Over-allotment Shares”	up to an aggregate of 19,800,000 H Shares, comprising up to an aggregate of 18,000,000 new H Shares which will be allotted and issued by the Company and up to an aggregate of 1,800,000 H Shares which will be converted from the State-owned Domestic Shares held by Chaoyang Auxillary (for the NSSF Council), upon the exercise of the Over-allotment Option
“PBOC”	中國人民銀行 (the People’s Bank of China), the central bank of the PRC
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters at the Offer Price with professional, institutional and individual investors in certain jurisdictions as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Share(s)”	106,800,000 new H Shares and 12,000,000 Sale H Shares initially offered under the Placing, representing approximately 90% of the initial number of the Offer Shares, subject to the Over-allotment Option and re-allocation as described in the section “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing Shares whose names are set forth in the section headed “Underwriting arrangements for the Share Offer” in this prospectus
“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC GAAP”	generally accepted accounting principles in the PRC
“Price Determination Date”	the date (currently expected to be on Saturday, 16 September 2006 or such other date may be agreed between the parties, but in any event no later than Thursday, 21 September 2006), on which the Offer Price is finalised
“Promoters”	Chaoyang Auxillary, Shanxi Trust, Beijing Gaoya, Beijing Jiazeng, Tianjin Jinganghua and the Individual Promoters, all of them being promoters of the Company
“Promoter Shares”	the Domestic Shares held by the Promoters
“Promoters’ Agreement”	the promoters’ agreement dated 12 August 2004 entered into by the Promoters in relation to, among other matters, the rights and obligations of the Promoters in connection with capital injection and the conversion into and establishment of the Company as a joint stock limited company



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“Public Offer”	the conditional offer for subscription of the Public Offer Shares to the members of the public in Hong Kong for cash at the Offer Price as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Share(s)”	the 13,200,000 new H Shares initially offered for subscription under the Public Offer, representing 10% of the initial number of the Offer Shares, subject to re-allocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer named in the paragraph headed “Public Offer Underwriters” in the section headed “Underwriting arrangements for the Share Offer” in this prospectus
“Relevant Securities”	has the meaning as defined in Rule 13.15(4) of the GEM Listing Rules
“Reorganisation”	the corporate reorganisation which the Group underwent in preparation for the listing of the H Shares on GEM, details of which are set out in the paragraph headed “The Reorganisation” in Appendix V to this prospectus
“Retail Outlet(s)”	any hypermarket(s), supermarket(s) and/or convenience store(s) of the Group, whether directly-operated or franchised
“Remuneration Committee”	remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SAFE”	中華人民共和國國家外匯管理局 (the State Administration for Foreign Exchange of the PRC)
“Sale H Shares”	initially a total of 12,000,000 H Shares to be converted from an equal number of State-owned Domestic Shares held by Chaoyang Auxillary (but allocated by SASAC to the NSSF Council) to be offered for sale by Chaoyang Auxillary at the Offer Price under the Placing, representing approximately 9.09% of the initial number of the Offer Shares, subject to the Over-allotment Option
“SASAC”	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)

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“SCRES”	中國國家經濟體制改革委員會 (the State Commission for Restructuring the Economic System of the PRC), which was dissolved in March 1998, and its successor, 中華人民共和國國家發展和改革委員會 (the National Development and Reform Commission), responsible for matters relating to the restructuring of the economic system in the PRC
“Securities Commission”	中國國務院證券委員會 (the Securities Commission of the State Council of the PRC), a regulatory body established in October 1992 responsible for overseeing the PRC securities markets from a macro-perspective and which was rescinded in March 1998 pursuant to a resolution of the State Council whilst its functions were assumed by CSRC thereafter
“Selling Shareholder”	Chaoyang Auxillary
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanxi Trust”	山西信託投資有限責任公司 (Shanxi Trust Investment Company Limited), a company incorporated in the PRC and is one of the Promoters
“Share Offer”	the Public Offer and the Placing
“Share(s)”	Domestic Share(s) and/or H Share(s) of RMB1.00 each in the share capital of the Company, as the case may be
“Shareholder(s)”	the holder(s) of Share(s)
“Significant Shareholder(s)”	has the same meaning assigned to it in the GEM Listing Rules. For further details, please refer to the section headed “Substantial Shareholders, Initial Management Shareholders and Significant Shareholders” in this prospectus
“Special Regulations”	國務院關於股份有限公司境外募集股份及上市的特別規定 (the PRC Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies), issued by the State Council on 4 August 1994, as amended, supplemented or otherwise modified from time to time
“sq.m.”	square metre(s)
“State” or “PRC Government”	the government of the PRC
“State Council”	中華人民共和國國務院 (the State Council of the PRC)
“State-owned Domestic Share(s)”	183,969,808 Domestic Share(s) held by Chaoyang Auxillary, representing approximately 74.60% of the existing share capital of the Company immediately prior to the Share Offer

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“State Restructuring Commission”	中華人民共和國國務院經濟體制改革辦公室 (the State Council Office for Restructuring the Economic System of the PRC)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	Chaoyang Auxillary
“Supervisor(s)”	member(s) of the supervisory committee of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tengyuan”	北京市騰遠興業汽車服務有限公司 (Beijing City Tengyuan Xingye Vehicle Service Limited Company), a company incorporated in the PRC and an approximately 62.73% subsidiary of the Company prior to the disposal on 22 June 2004, and the Company ceased to have any interest therein with effect from 23 June 2004
“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 Promoters
“Track Record Period”	the periods comprising the three financial years ended 31 December 2003, 2004 and 2005 and the six months ended 30 June 2006
“Underwriters”	the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreement”	the conditional underwriting agreement dated 11 September 2006 and entered into, amongst other, between the Company, Chaoyang Auxillary and the Underwriters relating to the Share Offer, details of which are set out in the section headed “Underwriting arrangements for the Share Offer” in this prospectus
“US”	the United States of America
“US dollars” or “US\$”	United States dollars, the lawful currency of the US
“WTO”	the World Trade Organisation
“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

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“Yiyuantang”

北京嘉事朝陽醫藥有限公司 (Beijing Jiashi Chaoyang Medicine Company Limited) (formerly known as 北京一元堂醫藥連鎖有限公司 (Beijing Yiyuantang Medicine Chain Company Limited)), a company incorporated in the PRC and an approximately 70.13%-held subsidiary of the Company prior to 8 July 2003, and an approximately 35.07%-held associate of the Company during the period from 8 July 2003 to 22 June 2004, and the Company ceased to have any interest therein with effect from 23 June 2004

“%”

per cent.

*For ease of reference, the names of the PRC-incorporated or PRC-established companies, institutions and entities have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese name prevails.*

*Unless otherwise specified in this prospectus, amounts denominated in RMB have been converted, for the purpose of illustration only, into Hong Kong Dollars at a rate of HK\$1.00 = RMB1.02. No representation is made that any amounts in HK\$ or RMB could have been or could be converted at the above rate or at any other rates or at all.*