
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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



北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8245)

PROPOSAL TO SHAREHOLDERS TO APPROVE

**THE MIGRATION OF THE LISTING OF THE H SHARES FROM
THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
AND
THE GRANT OF GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF GENERAL MEETINGS**

Notices convening an extraordinary general meeting and the respective class meetings of the holders of Domestic Shares and H Shares to be held on Tuesday, 14 August 2007 at 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China are set out in this circular.

Whether or not you are able to attend the above meetings, please complete and return the relevant enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event by not less than 24 hours before the time appointed for the holding of the relevant meeting or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude you from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for a minimum period of seven days from the date of publication.

29 June 2007

* For identification purpose only

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

Despatch of the Listing Document, Shareholder's circular and the related notices of the Extraordinary General Meeting and the Class Meetings and the related forms of proxy and reply slips to the Shareholders in relation to the Proposed Withdrawal and the Proposed Introduction	Friday, 29 June 2007
Latest time for lodging transfers of the H Shares in order to be entitled to attend and vote at the Extraordinary General Meeting and the H Shares Class Meeting	4:30 p.m., Tuesday, 24 July 2007
Closure of the registers of members of the Company for the determination of entitlements of the Shareholders to attend and vote at the Extraordinary General Meeting and the Class Meetings	From Wednesday, 25 July 2007 to Tuesday, 14 August 2007
Latest time for receiving reply slips for the Extraordinary General Meeting and the Class Meetings	4:30 p.m., Wednesday, 25 July 2007
Latest time for lodging forms of proxy in respect of the Extraordinary General Meeting	10:00 a.m., Monday, 13 August 2007
Latest time for lodging forms of proxy in respect of the H Shares Class Meeting	10:30 a.m., Monday, 13 August 2007
Latest time for lodging forms of proxy in respect of the Domestic Shares Class Meeting	11:00 a.m., Monday, 13 August 2007
Extraordinary General Meeting	10:00 a.m., Tuesday, 14 August 2007
H Shares Class Meeting	10:30 a.m. (<i>Note 1</i>), Tuesday, 14 August 2007
Domestic Shares Class Meeting	11:00 a.m. (<i>Note 2</i>), Tuesday, 14 August 2007

EXPECTED TIMETABLE

Announcement of the results of the Extraordinary General Meeting and the Class Meetings in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the GEM website.	Wednesday, 15 August 2007
Notice of the Proposed Withdrawal on or before.	Wednesday, 15 August 2007
The CSRC granting approval for the listing of the H Shares on the Main Board on or before.	Monday, 24 September 2007
Announcement in respect of the CSRC granting approval for the listing of the H Shares on the Main Board on or before	Tuesday, 25 September 2007
Last day of dealings of the H Shares on GEM	Tuesday, 2 October 2007
Proposed Withdrawal effective from.	9:30 a.m., Wednesday, 3 October 2007
Dealings in the H Shares on the Main Board to commence on	9:30 a.m., Wednesday, 3 October 2007

Shareholders should note that the above expected timetable is subject to change. Further announcement will be made in the event of any change to the above expected timetable.

Notes:

1. This meeting shall commence at 10:30 a.m. or, if later, as soon as practicable after the conclusion of the Extraordinary General Meeting.
2. This meeting shall commence at 11:00 a.m. or, if later, as soon as practicable after the conclusion of the H Shares Class Meeting.

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DEFINITIONS

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

“Articles” or “Articles of Association”	the articles of association of the Company adopted by resolutions of the Shareholders on 18 February 2005, and as amended and passed at the 2006 AGM and assuming that the amendments passed at the extraordinary general meeting held on 20 March 2007 have become unconditional, and otherwise as amended from time to time
“Board”	the board of directors of the Company
“Class Meeting(s)”	the Domestic Shares Class Meeting and/or the H Shares Class Meeting
“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 GEM
“Company’s H-Share Registrar and Transfer Office”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission)
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares(s) issued by the Company, with a Renminbi-denominated par value of RMB1.00 each, which are subscribed for and paid up in RMB
“Domestic Shares Class Meeting”	the class meeting of the holders of Domestic Shares to be held for the purpose of approving the Proposed Withdrawal and the Main Board Migration, further details of which are contained in the notice convening the said meeting set out in this circular
“Existing General Mandate”	the general mandate to issue Shares granted to the Directors pursuant to the relevant resolution passed at the annual general meeting of the Company held on 18 May 2007
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held for the purpose of approving the Proposed Withdrawal and the Main Board Migration further details of which are contained in the notice convening the said meeting set out in this circular

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DEFINITIONS

“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange with the responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Greater Beijing Region”	the region covering the whole Beijing city and certain parts of its northern peripheral
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company which are listed on the GEM with a nominal value of RMB1.00 each, and which are subscribed for and traded in Hong Kong dollars
“H Shares Class Meeting”	the class meeting of the holders of H Shares to be held for the purpose of approving the Proposed Withdrawal and the Main Board Migration, further details of which are contained in the notice convening the said meeting set out in this circular
“Introduction Document”	the document dated the date hereof and issued by the Company for the Proposed Introduction
“Latest Practicable Date”	25 June 2007, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the board of directors of the Stock Exchange
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of the GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with the GEM. For the avoidance of doubt, the Main Board excludes the GEM
“Main Board Listing Committee”	the listing sub-committee of the directors of the Stock Exchange responsible for Main Board listing matters
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

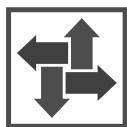
“Main Board Migration”	the proposed migration of listing of the H Shares from GEM to the Main Board
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Introduction”	the proposed listing of the H Shares on the Main Board by way of introduction pursuant to the Main Board Listing Rules
“Proposed Withdrawal”	the proposed voluntary withdrawal of the listing of the H Shares from GEM
“Prospectus”	the prospectus of the Company dated 12 September 2006
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of the Company, including the Domestic Share(s) and the H Share(s), unless specified otherwise
“Share Issue Mandate”	a mandate to be sought at the Extraordinary General Meeting authorising the Directors to issue Domestic Shares and/or H Shares for an amount not exceeding 20% of the aggregate nominal amount of the Domestic Shares and the H Shares, respectively in issue on the date of the Extraordinary General Meeting, further details of which are contained in the notice convening the Extraordinary General Meeting set out in this circular
“Shareholder(s)”	holders of the Share(s), including holder(s) of the Domestic Share(s) and the H Share(s), unless specified otherwise
“Sponsor”	DBS Asia Capital Limited, a licensed corporation 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Takeovers Codes”	The Codes on Takeovers and Mergers and Share Repurchases
“HK\$” or “cents”	Hong Kong dollars or cents, the lawful currency of Hong Kong

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“2006 AGM”	the annual general meeting of the Company held on 18 May 2007

Unless otherwise specified, conversion of RMB into HK\$ in this circular is based on the exchange rate of RMB1 = HK\$1.003 for the purpose of illustration only. No representation is made and there is no assurance that RMB or HK\$ can be purchased or sold at such rate.

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



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

北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8245)

Executive Directors:

Wei Tingzhan
Li Jianwen
Li Chunyan
Liu Yuejin

Registered Office:

Block No. 45
Xinyuan Street
Chaoyang District
Beijing
PRC

Non-executive Directors:

Gu Hanlin
Li Shunxiang

Place of business in Hong Kong:

20th Floor
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16-20 Chater Road
Hong Kong

Independent Non-Executive Directors:

Fan Faming
Huang Jiangming
Chung Chi Kong

29 June 2007

To Shareholders

Dear Sir/Madam,

PROPOSAL TO SHAREHOLDERS TO APPROVE

**THE MIGRATION OF THE LISTING OF THE H SHARES FROM
THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
AND
THE GRANT OF GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF GENERAL MEETINGS**

1. INTRODUCTION

Reference is made to the Company's circular dated 1 February 2007 containing the notices to convene an extraordinary general meeting and two class meetings of the shareholders of the Company for the purpose of, inter alia, enabling the Company to make the relevant application to the CSRC for the Main Board Migration. At the said shareholders' meetings held on 20 March 2007, the requisite approvals were obtained from the Shareholders, and on 26 March 2007, the Company submitted its

* For identification purpose only

LETTER FROM THE BOARD

application to the CSRC. (Since the aforesaid shareholders' meetings were convened for the purpose of, inter alia, enabling the Company to make the relevant application to the CSRC for the Main Board Migration, further shareholders' meetings, namely, the Extraordinary General Meeting and the Class Meetings, are required for the purpose of the Proposed Withdrawal and the Main Board Migration.)

On 9 April 2007, the Company received the CSRC's notice of acceptance of the Company's application for the Main Board Migration, and on 27 April 2007, DBS Asia Capital Limited, acting as the Company's sponsor, on behalf of the Company, submitted an advance booking form for the Proposed Introduction to the Stock Exchange. On 27 June 2007 the Company received the Listing Committee's approval in-principle for the Proposed Introduction.

In view of the above, the Directors have resolved to convene the Extraordinary General Meeting and the Class Meetings on Tuesday, 14 August 2007 for the purpose of considering, among other things, (i) the Main Board Migration and (ii) the Voluntary Withdrawal, which are required to be approved by special resolution at such meetings.

On the date hereof, the Company has also despatched the Introduction Document to the Shareholders.

2. REASONS FOR THE PROPOSED WITHDRAWAL AND THE MAIN BOARD MIGRATION

The Group is principally engaged in the wholesaling and retailing of daily consumer products in the Greater Beijing Region. The Group has grown and developed rapidly in terms of its distribution network and integration of its retail and wholesale functions as well as net profits in recent years. Its consolidated net profit attributable to equity holders of the parent has increased significantly from approximately RMB38.87 million (equivalent to approximately HK\$38.99 million) for the year ended 31 December 2003 to approximately RMB75.10 million (equivalent to approximately HK\$75.33 million) for the year ended 31 December 2005 and to approximately RMB99.58 million (equivalent to approximately HK\$99.88 million) for the year ended 31 December 2006.

Since the listing of the H Shares on GEM in September 2006, the Group has experienced significant growth and has established strong market positions in its business. For the three months ended 31 March 2007, the Company recorded an unaudited consolidated net profit attributable to equity holders of the parent of approximately RMB43.30 million (equivalent to approximately HK\$43.43 million), representing an approximately 19.3% increase from the corresponding period in 2006 of approximately RMB36.31 million (equivalent to approximately HK\$36.42 million).

For details of the Group's business development and financial position since the date of the Prospectus, Shareholders are requested to refer to the Introduction Document.

LETTER FROM THE BOARD

Nevertheless, the Directors believe that the listing of the H Shares on the Main Board will help to enhance the profile of the Group and increase the trading liquidity of the H Shares. The Directors consider that the listing of the H Shares on the Main Board will be beneficial to the future growth and business development of, and accord financing flexibility to, the Group. No change in the business of the Group is contemplated by the Directors following the Proposed Introduction.

The Proposed Introduction will involve no issue of new H Shares by the Company.

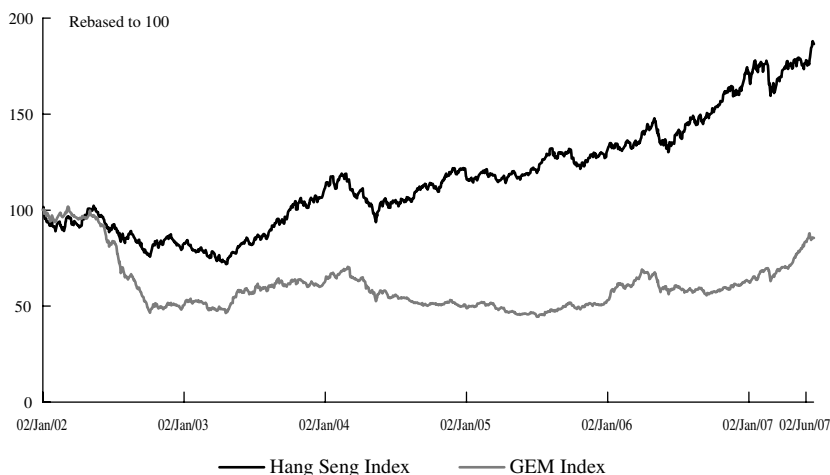
Accordingly, for the reasons stated above and those stated in the Company's circular dated 1 February 2007 and in the announcement dated 27 April 2007, the Directors have resolved to convene the Extraordinary General Meeting and the Class Meetings to approve, among other things, the Proposed Withdrawal and the Main Board Migration.

If the relevant resolutions are passed at the Extraordinary General Meeting and the Class Meetings and the Main Board Migration materialises, the listing of the H Shares on GEM will be withdrawn and the H Shares will become listed on the Main Board, which is a separate stock market from GEM.

The following sets out certain information concerning the Main Board and GEM for Shareholders' information.

(i) Hang Seng Index for the Main Board and GEM Index of GEM

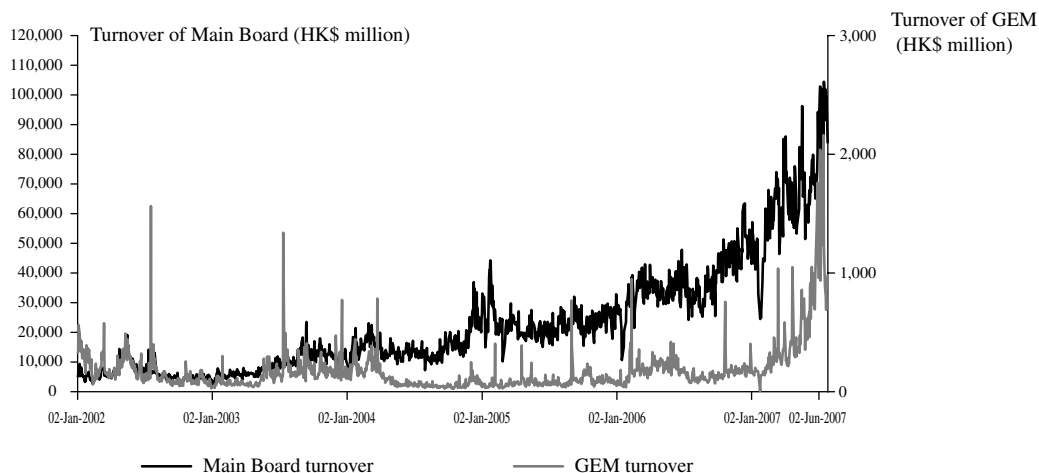
The chart below compares the share price performance of the constituent stocks of the Hang Seng Index of the Main Board against the constituent stocks of the GEM Index of GEM during the period from 2 January 2002 to the Latest Practicable Date. During that period, the Hang Seng Index had increased 86.5% where the GEM Index had decreased 14.5%.



LETTER FROM THE BOARD

(ii) Turnover of the Main Board and GEM

The chart below compares the turnover of the Main Board and GEM during the period from 2 January 2002 to the Latest Practicable Date, which shows that the turnover on the Main Board consistently surpassed that of GEM over that period.



(iii) Highlights of the Hong Kong Stock Market

The table below shows the number of listed companies, the market capitalisation and the average daily turnover of both the Main Board and GEM in the past ten years. At the end of the first quarter of 2007, the market capitalisation of the Main Board was HK\$13,442.2 billion, which was approximately 123.7 times of the market capitalisation of GEM of approximately HK\$108.7 billion for the corresponding period. The average daily turnover of the Main Board in the first quarter of 2007 was approximately HK\$52,576 million, which was approximately 171.3 times of the average daily turnover of GEM of approximately HK\$307 million for the corresponding period.

LETTER FROM THE BOARD

Highlights of the Hong Kong Stock Market

As at end	Main Board			GEM			Number of Trading Days
	Number of Listed Companies	Market Capitalisation (HK\$ billion)	Average Daily Turnover (HK\$ million)	Number of Listed Companies	Market Capitalisation (HK\$ billion)	Average Daily Turnover (HK\$ million)	
1996	583	3,476.0	5,672	n.a.	n.a.	n.a.	249
1997	658	3,202.3	15,465	n.a.	n.a.	n.a.	245
1998	680	2,661.7	6,887	n.a.	n.a.	n.a.	247
1999	701	4,727.5	7,757	7	7.2	144	247
2000	736	4,795.2	12,338	54	67.3	341	247
2001	756	3,885.3	8,025	111	61.0	162	243
2002	812	3,559.1	6,474	166	52.2	178	247
2003	852	5,477.7	10,265	185	70.2	154	248
2004	892	6,629.2	15,857	204	66.7	103	249
2005	934	8,113.3	18,211	201	66.6	90	247
2006	975	13,248.8	33,735	198	88.9	177	247
2007							
Q1	983	13,442.2	52,576	197	108.7	307	62

Source: Hong Kong Stock Exchange and Clearing Limited

LETTER FROM THE BOARD

3. WAIVER FROM STRICT COMPLIANCE WITH THE MINIMUM NOTICE PERIOD IN RESPECT OF THE PROPOSED WITHDRAWAL

Pursuant to Rule 9.19 of the GEM Listing Rules, an issuer that has an alternative listing on a another regulated, regularly operating, open stock exchange or securities market recognised for this purpose by the Stock Exchange, may not voluntarily withdraw its listing on GEM unless:

- (i) the prior approval of the shareholders of the issuer has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer;
- (ii) the prior approval of holders of H Shares and Domestic Shares has been obtained at the separate Class Meetings; and
- (iii) the issuer has given its shareholders and holders of H Shares and Domestic Shares at least three months' notice of the proposed withdrawal of listing.

In connection with the Proposed Withdrawal, the Company has applied to, and the GEM Listing Committee has granted, a waiver from strict compliance with the minimum three months' notice requirement under Rule 9.19 of the GEM Listing Rules, subject to the fulfillment of the following conditions:

- (i) the prior approval of the Shareholders for the reduction in the notice period shall have been obtained;
- (ii) in respect of the H Shares, there is no change in the board lot size, the share certificates, the share registrar and the trading currency in connection with the proposal to transfer its listing status; and
- (iii) there is no other fact that leads the Stock Exchange to believe that the reduced notice period is not feasible.

Accordingly, the EGM and the separate Class Meetings are respectively convened to seek the approval of the Shareholders for, amongst other things, the Proposed Withdrawal and the proposed reduction in the notice period for the Proposed Withdrawal. After Shareholders' approval shall have been obtained, a notice of the Proposed Withdrawal will be published at least five clear Business Days prior to the date of the listing of the H Shares on the Main Board.

The Directors consider that it is in the best interests of the Shareholders and the Company as a whole that the notice period for the Proposed Withdrawal be reduced so that the Proposed Withdrawal and the Proposed Introduction can be carried out as soon as practicable after obtaining the relevant approvals from the Shareholders at the EGM and the Class Meetings as well as from the CSRC.

LETTER FROM THE BOARD

4. CONDITIONS OF THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

The implementation of the Proposed Withdrawal and the Proposed Introduction are conditional upon, amongst other things:

- (i) the Main Board Listing Committee granting approval for the listing of, and permission to deal in, the H Shares on the Main Board and the GEM Listing Committee granting approval for the Proposed Withdrawal;
- (ii) the CSRC granting approval for the listing of the H Shares on the Main Board;
- (iii) the passing of the relevant resolutions at the EGM and the separate Class Meetings (as the case may be) to approve, amongst other things, the Proposed Withdrawal, the Proposed Introduction and the reduction of the notice period as referred to in condition (v) below;
- (iv) the publication of a notice of the Proposed Withdrawal after obtaining the approval of Shareholders referred to in condition (iii) above not less than five clear Business Days prior to the date of the listing of the H Shares on the Main Board;
- (v) the GEM Listing Committee granting a waiver for the reduction of the notice period for the Proposed Withdrawal from a minimum of three months under Rule 9.19(3) of the GEM Listing Rules to at least five clear business days from the date on which the Shareholders shall have approved the Proposed Withdrawal at the EGM and the separate Class Meetings and the fulfillment of such waiver by the Company; and
- (vi) the obtaining of all other relevant consents (if any) which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and fulfillment of all conditions which may be attached to such consents.

The GEM listing Committee has approved the Proposed Withdrawal subject to the fulfilment of the following conditions:-

- (1) the Main Board Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue on the Main Board;
- (2) the CSRC and other PRC authorities, as appropriate, granting approval for the Proposed Withdrawal and the listing of the H Shares on the Main Board;
- (3) the GEM Listing Committee granting the waiver with regard to the minimum notice period for the Proposed Withdrawal;

LETTER FROM THE BOARD

- (4) the passing of special resolutions at an extraordinary general meeting and the separate class meetings of the holders of H Shares and Domestic Shares to approve, amongst other things, the Proposed Withdrawal, the listing of the H Shares on the Main Board and the reduction of the minimum notice period for the Proposed Withdrawal; and
- (5) the publication of a notice of the Proposed Withdrawal after the approval of the shareholders of the Company for the Proposed Withdrawal.

5. EFFECTS OF THE PROPOSED WITHDRAWAL AND THE MAIN BOARD MIGRATION

(a) H Shares will continue to be eligible for admission into CCASS

The H Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 25 September 2006, the date on which dealings in the H Shares on GEM commenced. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on Main Board and the Company continues to comply with the stock admission requirements of HKSCC, the H Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Shares on Main Board. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements, as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the H Shares in issue to continue to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

(b) Share certificates and trading

The Proposed Withdrawal and the Main Board Migration will have no effect on the existing share certificates in respect of the H Shares which will continue to be good evidence of legal title and will not involve any transfer or exchange of the existing share certificates. The Directors propose no change to be made to the board lot size, trading currency of the H Shares and share registrar of the H Shares in connection with the Proposed Withdrawal and the Main Board Migration. The H Shares will continue to be traded in board lots of 1,000 H Shares. **Please note that if and when the H shares are listed on the Main Board, you may be required to sign a new client agreement with your stockbroker.**

(c) Hong Kong stamp duty

Dealings in the H Shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

LETTER FROM THE BOARD

(d) Hong Kong H Share register

The register of members of the Domestic Shares of the Company will be maintained at the legal address of the Company in the PRC and the register of members of the H Shares of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of H Shares for the purposes of trading on Main Board must be lodged for registration with and registered by the H Share registrar of the Company in Hong Kong and may not be lodged in the PRC.

(e) Professional tax advice recommended

If you are unsure about the taxation implications of purchasing, holding or disposing of or dealing in the H Shares, you should consult an expert. The Company, the Sponsor, any of their respective directors, officers, employees and/or representatives or other parties involved in the Proposed Introduction do not accept responsibility for any tax effects on, or liability of, any person resulting from purchasing or holding or disposing of or dealing in the H Shares or any rights thereof.

(f) No change in business

Save for the business development, plans and objectives stated in the Prospectus and the Introduction Document, no material change in business of the Group is contemplated following the Introduction.

(g) Discontinuation of quarterly reporting

Please also note that the continuing obligations of listed issuers under the Main Board Listing Rules and the GEM Listing Rules are not the same. (A brief explanation of certain selected salient differences are set out below.) Under the GEM Listing Rules, the Company is required to publish its quarterly results on the internet website operated by the stock Exchange. Upon the listing of the H shares on the Main Board, the Company will cease the practice of quarterly reporting and will follow the relevant requirements of the Main Board Listing Rules, which include, amongst other things, publish its interim results and annual results within three months and four months from the end of the relevant period or financial year-end, respectively. The Directors are of the view that the reporting requirements under the Main Board Listing Rules will provide investors and the Shareholders with sufficient information concerning the performance of the Group during the relevant period. The Directors also believe that the cessation of quarterly reporting would save significant publishing costs and other related expenses, and enable the Company's management to spend more time on other aspects of the operations of the Group.

6. COMPARISON OF GEM AND MAIN BOARD

(a) Introduction

Prior to the establishment of the GEM, a great number of growth enterprises, particularly those emerging ones (i.e. enterprises that had good business ideas and growth potential but did not fulfil the profitability/track record requirements of the Main Board) were unable to obtain a listing on the Stock Exchange. The establishment of GEM was designed to bridge this gap.

(b) Similarities between GEM and Main Board

(i) Trading

Trading of equity securities on GEM and on the Main Board is carried out through the trading facilities of the Stock Exchange and are regulated by the Rules of the Exchange, which apply equally to trading in equity securities listed on GEM and the Main Board. Normal trading hours of the Stock Exchange are from 10:00 a.m. to 12:30 a.m. (being the morning session) and 2:30 p.m. to 4:00 p.m. (being the afternoon session) and they are the same for equity securities listed on GEM and the Main Board. (There is also the pre-opening session, being trading hours from 9:30 a.m. to the commencement of the morning session at 10:00 a.m., the details of which are set out in the Rules of the Exchange.)

Settlement of trades for both GEM and Main Board listed equity securities are effected through the Central Clearing and Settlement System (also known as CCASS) operated by Hong Kong Securities Clearing Company Limited, which is a fellow subsidiary of the Stock Exchange.

Trading of equity securities on GEM and on the Main Board which are settled through CCASS incurs the same transaction levy of 0.004% (rounded to the nearest cent. and is charged on per side of the consideration of a transaction, and this levy is collected for the Hong Kong Securities and Futures Commission), trading fee of 0.005% (rounded to the nearest cent. and is charged on per side of the consideration of a transaction, and this fee is payable to the Exchange), and stamp duty at a rate of 0.1% (rounded up to the nearest dollar) on the value of the transaction on both the buyer and the seller.

(ii) Regulatory environment

Whether the Company's H Shares are listed on the GEM or the Main Board, acquisition, holding and disposal of the H Shares are subject to the requirements of the Takeovers Codes and Part XV of the SFO.

The spirit of the principal ongoing regulatory and compliance regime of the GEM Listing Rules and the Main Board Listing Rules in the areas below are substantially the same, although GEM has been established as a market designed to accommodate companies to which a higher investment risk may be attached. The said areas are as follows:

LETTER FROM THE BOARD

- Continuing obligations of listed issuers in relation to:
 - general disclosure obligations including those relating to the immediate release of information which is expected to be price sensitive
 - response to enquires made of the issuer by the Stock Exchange concerning unusual movements in the price or trading volume of its listed securities
 - compliance with the prescribed minimum percentage of listed securities in public hands
 - pre-emptive rights, being circumstances under which the directors of listed issuer must obtain the consent of shareholders in general meeting prior to allotting, issuing or granting securities
 - disclosure of financial information

(Note: The above requirements are set out in chapter 13 of and appendix 16 to the Main Board Listing Rules and chapters 17 and 18 of the GEM Listing Rules)

- Corporate governance practices being followed by listed issuers (Note: These requirements are set out in appendix 14 to the Main Board Listing Rules and appendix 15 to the GEM Listing Rules)
- Securities transactions by directors of listed issuers (Note: These requirements are set out in appendix 10 to the Main Board Listing Rules and chapter 5 of the GEM Listing Rules)
- Notifiable transactions (Note: These requirements are set out in chapter 14 of the Main Board Listing Rules and chapter 19 of the GEM Listing Rules) and connected transactions (Note: These requirements are set out in chapter 14A of the Main Board Listing Rules and Chapter 20 of the GEM Listing Rules)
- Undertaking share repurchases (Note: These requirements are set out in rule 10.06 of the Main Board Listing Rules and rule 13.09 of the GEM Listing Rules)

(c) Salient differences between GEM and Main Board, and the GEM Listing Rules and Main Board Listing Rules

The following is a summary containing certain selected salient differences between the GEM Listing Rules and the Main Board Listing Rules. The information contained in the following summary can also be found in the website of the Stock Exchange or from the GEM Listing Rules and the Main Board Listing Rules. The following summary only sets out the salient differences between the GEM Listing Rules and the Main Board Listing Rules and are not meant to be exhaustive.

LETTER FROM THE BOARD

(i) *Governing structure of the Main Board and GEM*

	Main Board	GEM
Governance of listing matters	<ul style="list-style-type: none">• Main Board Listing Committee	<ul style="list-style-type: none">• GEM Listing Committee
Appeal procedure	<ul style="list-style-type: none">• Listing (Review) Committee• Listing Appeals Committee	<ul style="list-style-type: none">• GEM Listing (Review) Committee• Listing Appeals Committee (which is the same committee as that for the Main Board)

(ii) *Continuing obligations of the Main Board and GEM listed issuers*

	Main Board	GEM
Appointment of compliance adviser	<ul style="list-style-type: none">• An issuer must appoint a compliance adviser acceptable to the Stock Exchange for the period commencing on its listing date and ending on publication of financial results for the first full financial year after listing. (Rule 3A.19 of the Main Board Listing Rules)	<ul style="list-style-type: none">• An issuer must appoint a compliance adviser acceptable to the Stock Exchange for the period commencing on its listing date and ending on publication of financial results for the second full financial year after listing. (Rule 6A.19 of the GEM Listing Rules)
Fundamental change in the nature of business	<ul style="list-style-type: none">• Within the first 12 months after listing, an issuer may not effect any acquisition or disposal which would result in a fundamental change in its principal business activities as described in its prospectus. However, the Stock Exchange may grant a waiver from this requirement if the circumstances are exceptional and prior independent shareholders' approval is obtained (but the controlling shareholders are not allowed to vote on the relevant resolution). (Rules 14.89 and 14.90 of the Main Board Listing Rules)	<ul style="list-style-type: none">• Other than with the prior approval of independent shareholders, an issuer may not, during the remaining financial year in which its listing on GEM occurs and the two financial years thereafter, effect any fundamental change in its principal business activities or that of its group. (Rule 17.25 of the GEM Listing Rules)

LETTER FROM THE BOARD

(iii) *Definition of connected person*

	Main Board	GEM
Definition of connected person	<ul style="list-style-type: none">The concept of management shareholder does not exist in the Main Board Listing Rules, accordingly the definition of connected person does not include management shareholder (Rule 14A.11 of the Main Board Listing Rules)	<ul style="list-style-type: none">Management shareholder is defined as “any person who is (or group of persons who together are) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the issuer and who is (or are) able, as a practicable matter, to direct or influence the management of the issuer”. Accordingly, a transaction between a GEM listed issuer and a management shareholder is required to comply with the disclosure and shareholders’ approval requirements in chapter 20 of the GEM Listing Rules

LETTER FROM THE BOARD

(iv) *Restrictions on disposal of shares*

	Main Board	GEM
Escrow and non-disposal arrangements for securities	<ul style="list-style-type: none">A controlling shareholder (or its group) of the issuer shall not in the period ending on the date which is six months from the listing date (the “Initial Period”), dispose of or encumber (save where permitted under the Main Board Listing Rules) any of those securities of the issuer in respect of which it (or its group) is shown by the listing document to be the beneficial owner(s), and that in the six month period after the Initial Period such controlling shareholder (and its group) shall not dispose of or encumber (save where permitted under the Main Board Listing Rules) any of those aforesaid securities such that immediately after such disposal or the exercise or enforcement of the right relating to the said encumbrance such controlling shareholder (and its group) would cease to be a controlling shareholder. (Rule 10.07(1) of the Main Board Listing Rules)The Main Board Listing Rules do not have requirements relating to placing of securities in escrow	<ul style="list-style-type: none">The GEM Listing Rules require every initial management shareholder to place his shares in escrow with an escrow agent for a period ending 12 months after the listing date or (in the case where the relevant shareholder’s shares represent no more than 1% of the total issued shares) ending six months after the listing date, and undertake (save where permitted under the GEM Listing Rules) not to dispose of or encumber interest in such shares during such relevant period (Rule 13.16 of the GEM Listing Rules)The GEM Listing Rules require every significant shareholder to place his shares in escrow with an escrow agent for a period ending six months after the listing date, and undertake (save where permitted under the GEM Listing Rules) not to dispose of or encumber interest in such shares during such period (Rule 13.17 of the GEM Listing Rules)

Note:

The Company has applied for and obtained a waiver from GEM in relation to the physical escrow of shares requirements under Rules 13.16(1) and 13.17(1) of the GEM Listing Rules. The terms of and conditions attached to such waiver are set out in the prospectus of the Company dated 12 September 2006.

LETTER FROM THE BOARD

(v) *Further issues of securities within six months of listing*

	Main Board	GEM
Further issues of securities	<ul style="list-style-type: none">• Save for some exceptions stated in the Main Board Listing Rules, no further securities of the listed issuer may be issued within six months from the date of its listing (Rule 10.08 of the Main Board Listing Rules)	<ul style="list-style-type: none">• The GEM Listing Rules' requirements in this respect are the same as those in the Main Board Listing Rules except that the GEM Listing Rules contain an additional exception, namely, that an issue of shares and convertible securities is permitted during the relevant period where such issue (i) is for the purpose of an acquisition of assets which would complement the listed issuer's focused line of business and the acquisition will not constitute a major transaction, a very substantial acquisition or a reverse takeover, (ii) will not result in a change in control of the listed issuer (or a controlling shareholder ceasing to be a controlling shareholder after the issue), and (iii) is subject to the approval of the issuer's shareholders in the manner described in the GEM Listing Rules (Rule 17.29 of the GEM Listing Rules)

LETTER FROM THE BOARD

(vi) *Quarterly financial reporting requirement*

	Main Board	GEM
Publication of quarterly accounts and reports	<ul style="list-style-type: none"> • No requirements on quarterly reporting under the Main Board Listing Rules 	<ul style="list-style-type: none"> • Listed issuers are required to prepare and publish quarterly accounts and in respect of each of the first three and nine month periods of each financial year not later than 45 days after the end of each such period. (Rule 18.66 of the GEM Listing Rules)

(vii) *Annual listing fees for listed issuers on the Main Board and GEM*

	Main Board			GEM	
	Nominal value of listed equity securities (HK\$ Million)	Annual listing fee (HK\$)		Nominal value of listed equity securities (HK\$ Million)	Annual listing fee (HK\$)
Not exceeding:	200	145,000	Not exceeding:	100	100,000
	300	172,000		2,000	150,000
	400	198,000			
	500	224,000			
	750	290,000			
	1,000	356,000			
	1,500	449,000			
	2,000	541,000			
	2,500	634,000			
	3,000	726,000			
	4,000	898,000			
	5,000	1,069,000			
Over:	5,000	1,188,000	Over:	2,000	200,000

Note 1: Where an issuer has shares with a nominal value of less than HK\$0.25, then for the purpose of calculating the annual listing fee, the nominal value of each share is deemed to be HK\$0.25.

Note 2: For secondary listings on the Main Board, the annual listing fee is normally 25% of the fees listed above.

LETTER FROM THE BOARD

7. REQUIREMENTS UNDER PRC REGULATIONS

Under the relevant PRC laws and regulations, a company incorporated in the PRC which intends to have its shares listed on an overseas stock exchange is required to comply with 《關於企業申請境外上市有關問題的通知》(the Notice Regarding Issues Relating to Applications by Enterprises for the Listing of Their Shares Overseas) (the “Notice”) issued by the CSRC. The Notice is applicable to the Main Board Migration. Under the Notice, Shareholders’ approval in relation to, among others, the Main Board Migration must be obtained prior to the submission of the relevant application to the CSRC. Accordingly, the Company by its notices dated 1 February 2007 convened an extraordinary general meeting and two class meetings of the shareholders of the Company for the purpose of, inter alia, considering and approving the Main Board Migration. At the said shareholders’ meetings held on 20 March 2007, the requisite approvals were obtained from the Shareholders, and on 26 March 2007, the Company submitted its application to the CSRC.

On 9 April 2007, the Company received the CSRC’s notice of acceptance of the Company’s application for the Main Board Migration, and on 27 April 2007, DBS Asia Capital Limited, acting as the Company’s sponsor, on behalf of the Company, submitted an advance booking form for the Proposed Introduction to the Stock Exchange.

8. FINANCIAL INFORMATION ON THE GROUP

Liquidity and capital resources

The Group has historically met its working capital and other capital requirements principally from cash provided by operations, while raising the remainder of its requirements primarily through bank and other borrowings and equity market.

The following table presents certain selected cash flow data of the Group for the three years ended 31 December 2006.

Cash flows

	Years ended 31 December		
	2004	2005	2006
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net cash inflow from operating activities	42,243	96,559	134,351
Net cash outflow from investing activities	(120,750)	(239,487)	(544,507)
Net cash inflow from financing activities	60,655	186,804	729,705
Cash and cash equivalents at the end of the year	176,865	220,741	540,290

LETTER FROM THE BOARD

The Group has cash and cash equivalents of approximately RMB540.29 million as at 31 December 2006, and reported a net cash inflow from operating activities of approximately RMB134.35 million during the year ended 31 December 2006. The capital commitments as at 31 December 2006 related primarily to the construction and acquisition of property, plant and equipment. The Group continuously manages its liquidity situation to ensure that it is adequate to meet its expansion plans.

Capital commitments

	Group and Company		
	As at 31 December		
	2004	2005	2006
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for	65,403	38,788	84,864
Authorized, but not contracted for	<u>—</u>	<u>—</u>	<u>16,307</u>
	<u><u>65,403</u></u>	<u><u>38,788</u></u>	<u><u>101,171</u></u>

Indebtedness

As at the close of business on 30 April 2007, being the latest practicable date for this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of RMB826.5 million, comprising (i) secured short-term bank loans of RMB237.0 million, (ii) unsecured short term bank loans of RMB140.0 million, of which RMB20.0 million loans were entrusted loans from a commercial entity, an independent third party, (iii) secured current portion of long-term bank loans of approximately RMB28.6 million, (iv) secured long-term bank loans of approximately RMB110.9 million, (v) secured current portion of long-term borrowings of RMB210.0 million, and (vi) unsecured long-term borrowings of RMB100 million. The Group's borrowings are bearing interest at commercial rates ranging from 5.25% to 6.39% per annum.

Commitments

As at 31 December 2006, the Group had capital expenditure commitments of approximately RMB101.2 million.

Except as described above, the Group did not have any outstanding loan capital, mortgages, charges, bank overdrafts, finance leases or hire purchase commitments, guarantee indemnities or other material contingent liabilities at the close of business on 31 December 2006.

LETTER FROM THE BOARD

Contingent liabilities

As at 30 April 2007, the Group had no material contingent liabilities.

Working capital

The Directors after due and careful enquiry are of the opinion that, taking into consideration the financial resources available to the Group including its internally generated funds, the Group has sufficient working capital in the next 12 months commencing on the date of the Listing Document.

Net tangible assets

The following statement shows the Group's net tangible assets as at 31 December 2006, which has been derived based on the audited consolidated net assets of the Group as at 31 December 2006 as shown in the accountants' report of the Group set out in appendix I to the Listing Document.

Net tangible assets of the Group as at 31 December 2006 (<i>Note 1</i>)	<u>RMB982,629,000</u>
Net tangible asset value per share (<i>Note 2</i>)	<u>RMB2.555</u>

Notes:

1. The net tangible assets of the Group as at 31 December 2006 is arrived at based on the Group's audited consolidated net assets of approximately RMB1,074,645,000 and deducting intangible assets and minority interests of approximately RMB2,344,000 and RMB89,672,000, respectively from the Accountants' Report set out in the section headed "Accountants' Report" in appendix I to the Listing Document.
2. The net tangible asset value per Share has been arrived at based on the 384,620,000 Shares in issue at the date of the Listing Document as if such Shares were outstanding through the financial year ended 31 December 2006.

No material change

The Directors have confirmed that there has been no material change in the Group's contingent liabilities and the Group's indebtedness since 30 April 2007.

LETTER FROM THE BOARD

9. AMENDMENT OF ARTICLES OF ASSOCIATION

In view of the proposed Main Board Migration and Proposed Withdrawal and for the purposes of complying with the Main Board Listing Rules and the relevant laws and regulations in the PRC, special resolutions were proposed at the extraordinary general meeting and class meetings of Shareholders held on 20 March 2007 to approve, on a conditional basis, the necessary amendments to the Articles so as conform them with the relevant laws, rules and regulations in the PRC and Hong Kong. The relevant special resolutions were passed at the said shareholders' meetings. The said amendments to the Articles will take effect subject to the Main Board Migration and the Proposed Withdrawal becoming unconditional and the listing of the H Shares on the Main Board. Accordingly, the said amendments to the Articles will not become effective if the Company does not proceed with the Main Board Migration and the Proposed Withdrawal. The said amendments to the Articles will only become effective subject to and on the date of the listing of the H Shares on the Main Board.

10. GENERAL MANDATE

In connection with the Proposed Introduction on the Main Board, special resolution will be proposed at the EGM to grant to the Directors the Share Issue Mandate. The Share Issue Mandate will continue to have effect after the Main Board Migration and expire upon the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the passing of a special resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by the relevant resolutions. The relevant resolutions relating to the Share Issue Mandate are set out as resolution number 2 in the EGM Notice.

11. THE EXTRAORDINARY GENERAL MEETING AND THE CLASS MEETINGS

As stated above, the shareholders' meetings held on 20 March 2007 were convened to pass the relevant resolutions for the purpose of, inter alia, enabling the Company to make the relevant application to the CSRC for the Main Board Migration. Accordingly, in compliance with the GEM Listing Rules, the Extraordinary General Meeting and the Class Meetings are required for the purpose of the Proposed Withdrawal and the Main Board Migration. In addition, rule 9.19(3) of the GEM Listing Rules requires that an issuer may not voluntarily withdraw its listing on GEM unless it has given its shareholders at least three months' notice of the proposed withdrawal. The said three month period runs from the date of the relevant shareholders' approval, which, for the purpose of the Proposed Withdrawal, means the date of the Extraordinary General Meeting. The Company has applied to the GEM Listing Committee for a waiver of the strict compliance with the said notice requirement of rule 9.19(3) of the GEM Listing Rules, and the GEM Listing Committee has granted such a waiver on the condition that the Shareholders at the Extraordinary General Meeting pass a special resolution shortening such notice requirement. Accordingly, in addition to the special resolution for approving the Proposed Withdrawal and the Main Board Migration, a special resolution will also be proposed at the Extraordinary General Meeting to shorten the aforesaid notice requirement.

Shareholders should note that in addition to the relevant approvals to be sought at the Extraordinary General Meeting and the Class Meetings, the Main Board Migration and the Proposed Withdrawal are also be conditional on the Main Board Listing Committee granting approval for the listing of and permission to deal in the H Shares on the Main Board.

LETTER FROM THE BOARD

The Company will make further announcement, as and when it deems necessary or appropriate, to keep the Shareholders informed on the progress of the Main Board Migration and the Proposed Withdrawal.

12. CLOSURE OF REGISTERS OF MEMBERS

Shareholders whose names appear on the registers of members of the Company as at the end of Tuesday, 24 July 2007 are entitled to attend and vote at the Extraordinary General Meeting and/or the Class Meetings (as the case may be). The registers of members of the Company will be closed from Wednesday, 25 July to Tuesday, 14 August 2007, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend the Extraordinary General Meeting and the Class Meetings and to vote thereat as Shareholders, all transfers of H Shares together with the relevant share certificates must be delivered to the Company's H-Share Registrar and Transfer Office no later than 4:30 p.m. Tuesday, 24 July 2007. All transfers of Domestic Shares together with the relevant documents must be delivered to the Company's legal address at 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, PRC no later than 4:00 p.m. on Tuesday, 24 July 2007.

13. POLL PROCEDURE

Set out below is the procedure by which Shareholders and the chairman of any Shareholders' meeting may demand a poll pursuant to article 72 of the Articles, subject to the requirements under the GEM Listing Rules:

"At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded before or after any vote by show of hands by:

- (1) the chairman of the meeting;
- (2) at least two shareholders, who possess the right to vote, present in person or by proxy;
or
- (3) any shareholder or shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all shareholders having the right to attend and vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without having to prove the number or proportion of the votes recorded in favour of or against such resolution, that the resolution has been carried.

A demand for a poll may be withdrawn by the person who makes the demand."

LETTER FROM THE BOARD

14. RECOMMENDATION

The Board is of the view that the Main Board Migration, the Proposed Withdrawal, the proposed reduction in the notice period for the Proposed Withdrawal and the grant of the Share Issue Mandate are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions to be proposed at the Extraordinary General Meeting and the Class Meetings.

Also contained in this circular are the notices convening the respective Extraordinary General Meeting and the Class Meetings to be held on Tuesday, 14 August 2007 at 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the PRC. Resolutions will be proposed at the Extraordinary General Meeting and the Class Meetings to approve, among other things, the Main Board Migration and the Proposed Withdrawal.

If you intend to attend the Extraordinary General Meeting and the relevant Class Meeting, please complete and return the relevant reply slip enclosed herewith in accordance with the instructions printed thereon as soon as possible such that the reply slip will be received by the Company (with respect to the holders of Domestic Share) and the Company's H-Share Registrar and Transfer Office (with respect to the H Shares) on or before 4:30 p.m., Wednesday, 25 July 2007.

The forms of proxy for use at the respective Extraordinary General Meeting and Class Meetings are also enclosed herewith. Whether or not you are able to attend the Extraordinary General Meeting and/or the relevant Class Meeting, you are requested to complete and return the enclosed form of proxy to the Company (in the case of proxy form for the holders of Domestic Shares) or the Company's H-Share Registrar and Transfer Office in Hong Kong (in the case of proxy forms for the holders of H Shares) in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the holding of the Extraordinary General Meeting and the relevant Class Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and/or the relevant Class Meeting or any adjournment thereof should you so wish.

15. ADDITIONAL INFORMATION

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

Warning:

Shareholders and potential investors should be aware that the implementation of the proposed Main Board Migration and the Proposed Withdrawal are subject to the approvals set out in the section headed "11. THE EXTRAORDINARY GENERAL MEETING AND THE CLASS MEETINGS" above, and thus the Main Board Migration and the Proposed Withdrawal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the H shares.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

Directors', Supervisors' and chief executive's interests in shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests and positions of the Directors, Supervisors and chief executive of the Company in the shares, debentures or underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of

the SFO, to be entered in the register referred to therein, or, which were required pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, or sections 324 and 347 of Part XV of the SFO, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in the Domestic Shares:

	Type of interest	Number of Domestic Shares	Approximate percentage of total issued Domestic Shares (%)	Approximate percentage of total issued share capital (%)
Wei Tingzhan	Personal	1,417,237	0.61	0.37
Li Jianwen	Personal	1,354,712	0.58	0.35
Li Chunyan	Personal	208,417	0.09	0.05
	Beneficiary	187,575 (Note 1)	0.08	0.05
Liu Yuejin	Beneficiary	375,151 (Note 2)	0.16	0.10
Gu Hanlin	Personal	1,417,237	0.61	0.37
Li Shunxiang	Personal	5,210,428	2.24	1.35
Yang Baoqun	Personal	1,042,086	0.48	0.27
Qu Xinhua	Personal	833,669	0.36	0.22
Wang Shuying	Beneficiary	375,151 (Note 3)	0.16	0.10

Notes:

1. These 187,575 Domestic Shares are held by 山西信託投資有限責任公司 (Shanxi Trust Investment Company Limited) as trust property, the beneficiary of which is Li Chunyan.
2. These 375,151 Domestic Shares are held by 山西信託投資有限責任公司 (Shanxi Trust Investment Company Limited) as trust property, the beneficiary of which is Liu Yuejin.
3. These 375,151 Domestic Shares are held by 山西信託投資有限責任公司 (Shanxi Trust Investment Company Limited) as trust property, the beneficiary of which is Wang Shuying.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company nor their associates had any interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to rules 5.46 to 5.67 of the GEM Listing Rules or sections 324 and 347 of Part XV of the SFO, to be notified to the Company and the Stock Exchange.

Sponsor's interests

Neither the Sponsor nor any of its directors, employees or, associates (as referred to in Note 3 to GEM Listing Rule 6.35) has any interests in the securities of the Company or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group. The Company has been informed by the Sponsor, that none of the Sponsor or, its directors, employees, associates (as referred to in GEM Listing Rule 6.36) has any competing interest.

Pursuant to the compliance advisor agreement dated 30 March 2006 and entered into between the Company and the Sponsor, the Sponsor has been appointed as the compliance adviser of the Company for the remainder of the year ended 31 December 2006 and for the period of two years thereafter until 31 December 2008 and the Sponsor is entitled to receive an agreed fee for its services.

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

As at the Latest Practicable Date, none of the Directors and Supervisors has any material interest, direct or indirect, in any asset which, since 31 December 2006, being the date to which the latest audited consolidated financial statements of the Group have been made up, had been acquired or disposed of by or leased to any member of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group.

Directors' and supervisors' service contracts*(a) Executive Directors*

Each of the executive Directors has entered into an employment agreement with the Company pursuant to which they have agreed to act as executive Directors for a term of three years with effect from 1 November 2004. The particulars of these agreements are in all material respects identical and are set out below:–

- (i) each of the executive Directors is entitled to a fixed basic salary, a performance based salary (subject to clawback based on the Company's gross profit for the relevant year), a discretionary bonus (based on the Company's gross profit for the relevant year) and other allowance and benefits in kind under applicable PRC law and regulations; and
- (ii) the fixed annual salary (annualised on the basis of current monthly salary) of the four executive Directors is RMB1,320,000 in aggregate.

At the annual general meeting of the Company held on 18 May 2007, the engagement of the four executive Directors has each been extended for a further term of three years commencing 1 November 2007. The terms of engagement of the four executive Directors for the said further three year term are substantially the same as those outlined above, save that their fixed annual salary shall be RMB2,000,000, in aggregate.

(b) *Non-executive Directors and independent non-executive Directors*

Each of the non-executive Directors has entered into an appointment letter with the Company pursuant to which they have agreed to act as non-executive Directors for a term of three years with effect from 1 November 2004. The terms of the appointment letters of the non-executive Directors are identical in all material respects. They do not receive any director's fee.

At the annual general meeting of the Company held on 18 May 2007, the engagement of the two non-executive Directors has each been extended for a further term of three years commencing 1 November 2007. The terms of engagement of the non-executive Directors for the said further three year term are substantially the same as those outlined above.

Each of the independent non-executive Directors has entered into an appointment agreement with the Company pursuant to which they have agreed to act as independent non-executive Directors with effect from 7 January 2005 (in the case of Fan Faming and Huang Jiangming) and from 27 July 2005 (in the case of Chung Chi Kong), in each case until 31 October 2007. The terms of the appointment agreements of the independent non-executive Directors are identical in all material respects and they are entitled to receive a fixed director's fee. The fixed annual salary (annualized on the basis of current monthly salary) of the three independent non-executive Directors is approximately RMB160,000 in aggregate.

At the annual general meeting of the Company held on 18 May 2007, the engagement of the three independent non-executive Directors has each been extended for a further term of three years commencing 1 November 2007. The terms of engagement of the three independent non-executive Directors for the said further three year term are substantially the same as those outlined above, save that their fixed annual salary shall not be more than RMB200,000 in aggregate.

(c) *Supervisors*

Each of the Supervisors has entered into an appointment letter or agreement with the Company pursuant to which they agreed to act as Supervisors with effect from 1 November 2004 (in the case of Chen Jie, Qu Xinhua and Yang Baoqun); from 7 January 2005 (in the case of Chen Zhong and Cheng Xianghong); and from 23 February 2006 (in the case of Wang Shuying), in each case until 31 October 2007. The terms of the appointment agreements of the Supervisors are identical in all material respects save that:

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

- (iii) each of Chen Jie, Qu Xinhua and Wang Shuying (being internal employee appointed Supervisors) receives a fixed basic salary, a performance based salary (subject to clawback based on the Company's gross profit for the relevant year), a discretionary bonus (based on the Company's gross profit for the relevant year) and other allowance and benefits in kind under the applicable PRC laws and regulations.

The fixed annual salary (annualized on the basis of current monthly salary) of Chen Zhong, Cheng Xianghong, Chen Jie, Qu Xinhua and Wang Shuying in aggregate is approximately RMB898,000.

At the annual general meeting of the Company held on 18 May 2007, the engagement of Yang Baoqun, Chen Zhong and Cheng Xianghong has each been extended for a further term of three years commencing 1 November 2007. The terms of engagement of the said Supervisors for the said further three year term are substantially the same as those outlined above, save that the fixed annual supervisor's fee of Chen Zhong and Cheng Xianghong shall not be more than RMB80,000 in aggregate.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries in the capacity of a director which is not determinable by the Group within one year without the payment of compensation other, than statutory compensation.

Directors' and Supervisors' interests in contracts

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

Substantial shareholders

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

Name	Type of interests	Number of shares	Approximate percentage of Domestic Shares	Approximate percentage of H Shares	Approximate percentage of total registered capital
北京市朝陽副食品總公司(Beijing Chaoyang Auxillary Food Company)	Beneficial owner (Long position)	170,169,808	73.09%	-	44.24%
山西信託投資有限責任公司 (Shanxi Trust Investment Company Limited)	Trustee (Long position)	26,635,710 (Note)	11.44%	-	6.93%
UOB Asset Management Limited	Investment Manager (Long position)	20,528,000	-	13.52%	5.34%
Fidelity International Limited	Investment Manager (Long position)	8,667,000	-	5.71%	2.25%

Note: These 26,635,710 Domestic Shares are trust property, the beneficiaries of which are 122 employees and officers of the Company.

Save as disclosed above, so far as is known to the Directors, Supervisors or chief executive of the Company, no other person (not being a Director, Supervisor or chief executive of the Company) had, or were deemed or taken to have any interest, or short position, in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2006, the date to which the latest audited financial statements of the Group were made up.

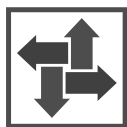
4. LITIGATION

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

5. MISCELLANEOUS

- (i) The legal address of the Company is at Block No. 45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China.
- (ii) The place of business of the Company in Hong Kong is at 20th Floor, Alexandra House, 16-20 Chater Road, Hong Kong.
- (iii) The Company's H-Share Registrars and Transfer Office in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The joint company secretaries of the Company are Mr. Keung Siu Fai, CPA and Ms. Li Chunyan. The qualified accountant of the Company is Mr. Keung Siu Fai, CPA. The compliance officer of the Company is Ms. Li Chunyan.
- (v) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8245)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Extraordinary General Meeting**”) of 北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited*) (the “**Company**”) will be held at 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China on Tuesday, 14 August 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, with or without modification, passing the following special resolutions:

SPECIAL RESOLUTIONS

1. “**THAT** conditional upon or subject to (as the case may be) (1) the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and/or the listing sub-committee of the board of directors of the Stock Exchange with responsibility for GEM (“**GEM Listing Committee**”) granting, or agreeing to grant, a withdrawal of the listing of the H shares of RMB1.00 each in the share capital of the Company (“**H Shares**”) in issue from GEM (the “**Proposed Withdrawal**”), (2) the listing sub-committee of the board of directors of the Stock Exchange and/or the Stock Exchange granting, or agreeing to grant, approval of the listing of, and permission to deal in, H Shares on the main board (the “**Main Board**”) of the Stock Exchange (the “**Proposed Introduction**”), (3) the China Securities Regulatory Commission granting approval of the Proposed Introduction, (4) the GEM Listing Committee and/or GEM granting a waiver for the reduction of the notice period (“**Notice Period**”) under rule 9.19(3) of the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”), and (5) the publication by the Company of the notice required by rule 9.19(3) of the GEM Listing Rules in respect of the Proposed Withdrawal (subject to any waiver that may be granted by the GEM Listing Committee and/or GEM), the Proposed Withdrawal and the Proposed Introduction be and are hereby approved and confirmed, and the Notice Period shall be reduced to not less than five business days (as defined in the GEM Listing Rules); the listing of the H Shares on GEM shall cease with effect from such date and time as the directors of the Company (the “**Directors**”) may designate; and any Director and/or the company secretary of the Company be and are hereby authorised generally (i) to make any application and submission, do all such acts and things, execute any document and take all such steps for and on behalf of the Company as he/she/they may deem necessary, desirable or expedient to effect and implement the foregoing and (ii) to attend to and handle all other necessary procedures and registrations relating to or as a result of the Proposed Withdrawal and/or the Proposed Introduction.”

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**

(1) the board of directors of the Company (the “**Board**”) be and is hereby authorized and granted an unconditional general mandate (“**General Mandate**”) to separately or concurrently allot, issue and deal with additional Domestic Shares and/or H Shares and to make or grant offers, agreements and/or options in respect thereof, subject to the following conditions:

(a) the General Mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;

(b) the aggregate nominal amount of the Domestic Shares and the H Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board (otherwise than pursuant to any scrip dividend scheme (or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend), any share option scheme, a Rights Issue or any separate approval of the shareholders of the Company) shall not exceed:

(i) 20 per cent. of the aggregate nominal amount of the Domestic Shares in issue; and

(ii) 20 per cent. of the aggregate nominal amount of the H Shares in issue,

respectively, in each case as at the date of passing of this resolution; and

(c) the Board will only exercise its power under the General Mandate in accordance with the Company Law of the People’s Republic of China (the “**PRC**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and/or the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (as the case may be) (as each of them may be amended from time to time) and (if required) only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained;

and, for the purposes of this resolution:

“**Domestic share(s)**” mean ordinary domestic share(s) in the share capital of the Company which are subscribed and/or paid for in Renminbi;

NOTICE OF EXTRAORDINARY GENERAL MEETING

“**H share(s)**” mean overseas listed foreign invested shares (being ordinary shares) in the share capital of the Company which are subscribed and/or paid for in Hong Kong dollars or foreign currency other than Renminbi;

“**Relevant Period**” means the period from the date of passing this resolution until the earlier of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution, unless, by special resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or
- (b) the expiry of the period within which the next annual general meeting is required by the articles of association of the Company or any applicable law to be held; or
- (c) the passing of a special resolution of the Company in a general meeting revoking or varying the authority set out in this resolution;

“**Rights Issue**” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding, as the Board may decide, for such purpose any shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place or the exclusion of whom is considered by the Board to be necessary or expedient on account of either legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) entitled to such offer, pro rata (apart from fractional entitlements) to their then existing holdings of shares;

- (2) contingent on the Board resolving to exercise the General Mandate and/or issue shares pursuant to paragraph (1) of this resolution, the Board be and is hereby authorised:
 - (a) to approve, execute and do, or procure to be executed and done all such documents, deeds and matters which it may consider necessary in connection with the exercise of the General Mandate and/or the issue of the relevant shares, including but not limited to the time, price, quantity and place for such issue, to make all necessary applications to the relevant authorities, and to enter into underwriting agreement(s) or any other agreement(s);
 - (b) to determine the use of proceeds and to make all necessary filings and registration with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate); and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) to increase the registered capital of the Company and make all necessary amendments to the articles of association of the Company to reflect such increase and to register the increased capital with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate) as so to reflect the new capital and/or share capital structure of the Company; and
- (3) the general mandate to issue domestic shares and/or H shares of the Company granted pursuant to a special resolution passed at the general meeting of the Company held on 18 May 2007, to the extent that it has not been exercised, be and is hereby revoked.”

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

Beijing, 29 June 2007
The People's Republic of China

Notes:

- (A) The Company will not process registration of transfers of the H shares of the Company (“**H shares**”) from Wednesday, 25 July to Tuesday, 14 August 2007 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited at the end of Tuesday, 24 July 2007 are entitled to attend and vote at the Extraordinary General Meeting following completion of the registration procedures.

To qualify for attendance and voting at the Extraordinary General Meeting, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company's H-Share Registrar and Transfer Office not later than 4:30 p.m. on Tuesday, 24 July 2007. The address of the Company's H-Share Registrar and Transfer Office is as follows:

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

The Company will not process registration of transfers of domestic shares of the Company (“**Domestic shares**”) from Wednesday, 25 July to Tuesday, 14 August 2007 (both days inclusive). Holders of Domestic Shares whose names appear on the register of Shares of the Company at the end of Tuesday, 24 July 2007 are entitled to attend and vote at the Extraordinary General Meeting. Holders of Domestic Shares should contact the secretary to the board (“**secretary to the Board**”) of directors of the Company (whose contact details are set out in note (B) below) for details concerning registration of transfers of Domestic Shares.

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

Holders of H Shares should complete and return the reply slip to the Company's H-Share Registrar and Transfer Office by facsimile at (852) 2865 0990 or by post to (or by depositing it at) its address set out in note (A) above such that the reply slip shall be received by the Company's H-Share Registrar and Transfer Office 20 days before the Extraordinary General Meeting (i.e. on or before Wednesday, 25 July 2007).

NOTICE OF EXTRAORDINARY GENERAL MEETING

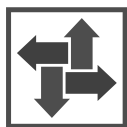
Holders of Domestic Shares should complete and return the reply slip, by personal delivery, by facsimile or by post, to the Secretary to the Board such that the reply slip shall be received by the Secretary to the Board 20 days before the Extraordinary General Meeting (i.e. on or before Wednesday, 25 July 2007).

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

4th Floor
Block No.45, Xinyuan Street
Chaoyang District, Beijing
The People's Republic of China
Telephone No.: 86(10) 64603046
Facsimile No.: 86(10) 64611370

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

NOTICE OF H SHARES CLASS MEETING



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

北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8245)

NOTICE OF CLASS MEETING OF THE HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN THAT a class meeting (the “**H Shares Class Meeting**”) of the holders of overseas listed foreign invested shares (“**H Shares**”) in the share capital of 北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited) (the “**Company**”) will be held at 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, The People's Republic of China on Tuesday, 14 August 2007 at 10:30 a.m. for the purpose of considering and, if thought fit, with or without modification, passing the following special resolution:

SPECIAL RESOLUTION

“**THAT** conditional upon or subject to (as the case may be) (1) the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and/or the listing sub-committee of the board of directors of the Stock Exchange with responsibility for GEM (“**GEM Listing Committee**”) granting, or agreeing to grant, a withdrawal of the listing of the H shares of RMB1.00 each in the share capital of the Company (“**H Shares**”) in issue from GEM (the “**Proposed Withdrawal**”), (2) the listing sub-committee of the board of directors of the Stock Exchange and/or the Stock Exchange granting, or agreeing to grant, approval of the listing of, and permission to deal in, H Shares on the main board (the “**Main Board**”) of the Stock Exchange (the “**Proposed Introduction**”), (3) the China Securities Regulatory Commission granting approval of the Proposed Introduction, (4) the GEM Listing Committee and/or GEM granting a waiver for the reduction of the notice period (“**Notice Period**”) under rule 9.19(3) of the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”), and (5) the publication by the Company of the notice required by rule 9.19(3) of the GEM Listing Rules in respect of the Proposed Withdrawal (subject to any waiver that may be granted by the GEM Listing Committee and/or GEM), the Proposed Withdrawal and the Proposed Introduction be and are hereby approved and confirmed, and the Notice Period shall be reduced to not less than five business days (as defined in the GEM Listing Rules); the listing of the H Shares on GEM shall cease with effect from such date and time as the directors of the Company (the “**Directors**”) may designate; and any Director and/or the company secretary of the Company be and are hereby authorised generally (i) to make any application and submission, do all such acts and things, execute any document and take all such steps for and on behalf of the Company as he/she/they may deem necessary, desirable or expedient to effect and implement the foregoing

* For identification purpose only

NOTICE OF H SHARES CLASS MEETING

and (ii) to attend to and handle all other necessary procedures and registrations relating to or as a result of the Proposed Withdrawal and/or the Proposed Introduction.”

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

Beijing, 29 June 2007
The People's Republic of China

Notes:

- (A) The Company will not process registration of transfers of the H shares of the Company (“**H Shares**”) from Wednesday, 25 July to Tuesday, 14 August 2007 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited at the end of Tuesday, 24 July 2007 are entitled to attend and vote at the H Shares Class Meeting following completion of the registration procedures.

To qualify for attendance and voting at the H Shares Class Meeting, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company's H-Share Registrar and Transfer Office not later than 4:30 p.m. on Tuesday, 24 July 2007. The address of the Company's H-Share Registrar and Transfer Office is as follows:

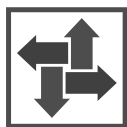
Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

- (B) Holders of H Shares who intend to attend the H Shares Class Meeting should complete and return the reply slip to the Company's H-Share Registrar and Transfer Office by facsimile at (852) 2865 0990 or by post to (or by depositing it at) its address set out in note (A) above such that the reply slip shall be received by the Company's H-Share Registrar and Transfer Office 20 days before the H Shares Class Meeting (i.e. on or before Wednesday, 25 July 2007).
- (C) Each holder of H Shares entitled to attend and vote at the H Shares Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the H Shares Class Meeting on his behalf. A proxy need not be a shareholder of the Company (“**Shareholder**”). With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) Holders of H Shares must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a “**power of attorney**”). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the H Shares Class Meeting on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the articles of association of the Company.

NOTICE OF H SHARES CLASS MEETING

- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in note (D) above must be delivered to the Company's H-Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited (address: Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong), not less than 24 hours before the time appointed for the H Shares Class Meeting.
- (F) A Shareholder or his proxy should produce proof of identity when attending the H Shares Class Meeting. If a corporate Shareholder's legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the H Shares Class Meeting, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.
- (G) The H Shares Class Meeting is expected to last for not more than half a day. Shareholders who attend the H Shares Class Meeting shall bear their own travelling and accommodation expenses.

NOTICE OF DOMESTIC SHARES CLASS MEETING



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

北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8245)

NOTICE OF CLASS MEETING OF THE HOLDERS OF DOMESTIC SHARES

NOTICE IS HEREBY GIVEN THAT a class meeting (the “**Domestic Shares Class Meeting**”) of the holders of domestic shares of 北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited) (the “**Company**”) will be held at 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, The People’s Republic of China on Tuesday, 14 August 2007 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without modification, passing the following special resolution:

SPECIAL RESOLUTION

“**THAT** conditional upon or subject to (as the case may be) (1) the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and/or the listing sub-committee of the board of directors of the Stock Exchange with responsibility for GEM (“**GEM Listing Committee**”) granting, or agreeing to grant, a withdrawal of the listing of the H shares of RMB1.00 each in the share capital of the Company (“**H Shares**”) in issue from GEM (the “**Proposed Withdrawal**”), (2) the listing sub-committee of the board of directors of the Stock Exchange and/or the Stock Exchange granting, or agreeing to grant, approval of the listing of, and permission to deal in, H Shares on the main board (the “**Main Board**”) of the Stock Exchange (the “**Proposed Introduction**”), (3) the China Securities Regulatory Commission granting approval of the Proposed Introduction, (4) the GEM Listing Committee and/or GEM granting a waiver for the reduction of the notice period (“**Notice Period**”) under rule 9.19(3) of the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”), and (5) the publication by the Company of the notice required by rule 9.19(3) of the GEM Listing Rules in respect of the Proposed Withdrawal (subject to any waiver that may be granted by the GEM Listing Committee and/or GEM), the Proposed Withdrawal and the Proposed Introduction be and are hereby approved and confirmed, and the Notice Period shall be reduced to not less than five business days (as defined in the GEM Listing Rules); the listing of the H Shares on GEM shall cease with effect from such date and time as the directors of the Company (the “**Directors**”) may designate; and any Director and/or the company secretary of the Company be and are hereby authorised generally (i) to make any application and submission, do all such acts and things, execute any document and take all such steps for and on behalf of the Company as he/she/they may deem necessary, desirable or expedient to effect and implement the foregoing

* For identification purpose only

NOTICE OF DOMESTIC SHARES CLASS MEETING

and (ii) to attend to and handle all other necessary procedures and registrations relating to or as a result of the Proposed Withdrawal and/or the Proposed Introduction.”

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

Beijing, 29 June 2007
The People’s Republic of China

Notes:

- (A) The Company will not process registration of transfers of domestic shares of the Company (“**Domestic Shares**”) from Wednesday, 25 July 2007 to Tuesday, 14 August 2007 (both days inclusive). Holders of Domestic Shares whose names appear on the register of Shares of the Company at the end of Tuesday, 24 July 2007 are entitled to attend and vote at the Domestic Shares Class Meeting. Holders of Domestic Shares should contact the secretary to the board (the “**Secretary to the Board**”) of directors of the Company (whose contact details are set out in note (B) below) for details concerning registration of transfers of Domestic Shares.
- (B) Holders of Domestic Shares who intend to attend the Domestic Shares Class Meeting should complete and return the reply slip, by personal delivery, by facsimile or by post, to the Secretary to the Board such that the reply slip shall be received by the Secretary to the Board 20 days before the Domestic Shares Class Meeting (i.e. on or before Wednesday, 25 July 2007).

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

4th Floor
Block No.45, Xinyuan Street
Chaoyang District, Beijing
The People’s Republic of China
Telephone No.: 86(10) 64603046
Facsimile No.: 86(10) 64611370

- (C) Each holder of Domestic Shares entitled to attend and vote at the Domestic Shares Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the Domestic Shares Class Meeting on his behalf. A proxy need not be a shareholder of the Company (“**Shareholder**”). With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) Holders of Domestic Shares must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a “**power of attorney**”). If the form of proxy is signed by the person authorized by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the Domestic Shares Class Meeting on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the articles of association of the Company.

NOTICE OF DOMESTIC SHARES CLASS MEETING

- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in note (D) above must be delivered to the Secretary to the Board not less than 24 hours before the time appointed for the Domestic Shares Class Meeting. The address of the Secretary to the Board is stated in note (B) above.

- (F) A Shareholder or his proxy should produce proof of identity when attending the Domestic Shares Class Meeting. If a corporate Shareholder's legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the Domestic Shares Class Meeting, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.