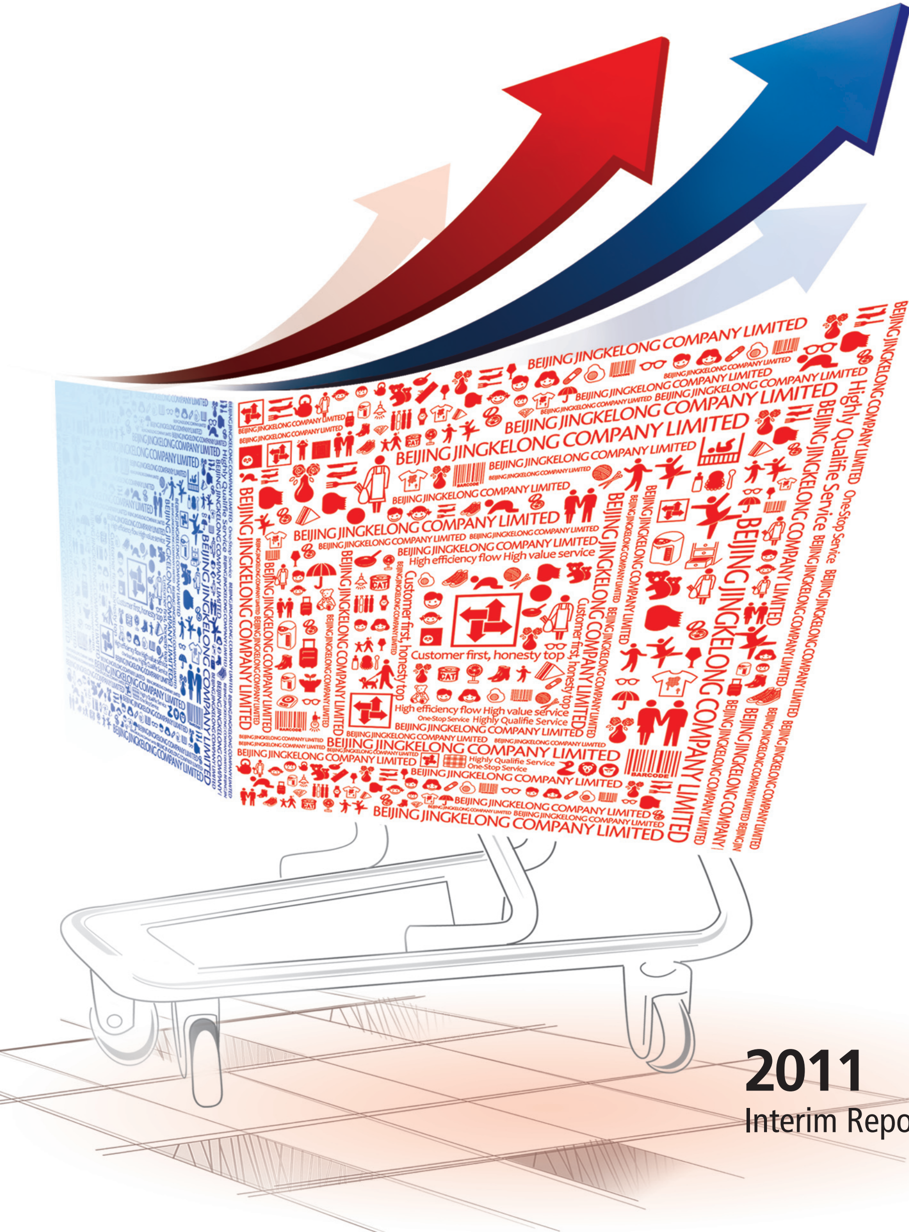
北京京客隆
商业集团股份有限公司
BEIJING JINGKELONG COMPANY LIMITED

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

(Stock Code : 814)



2011
Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wei Tingzhan *(Chairman)*
Mr. Li Jianwen
Ms. Li Chunyan
Mr. Liu Yuejin

NON-EXECUTIVE DIRECTORS

Mr. Gu Hanlin
Mr. Li Shunxiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Liping
Mr. Chen Liping
Mr. Choi Onward, *CPA*

AUDIT COMMITTEE

Mr. Choi Onward, *CPA (Chairman)*
Mr. Wang Liping
Mr. Chen Liping

REMUNERATION COMMITTEE

Mr. Wang Liping *(Chairman)*
Mr. Wei Tingzhan
Mr. Chen Liping

NOMINATION COMMITTEE

Mr. Chen Liping *(Chairman)*
Mr. Wei Tingzhan
Mr. Wang Liping

STRATEGY COMMITTEE

Mr. Wei Tingzhan *(Chairman)*
Mr. Li Jianwen
Ms. Li Chunyan
Mr. Wang Liping
Mr. Chen Liping

SUPERVISORS

Ms. Liu Wenyu *(Chairman)*
Ms. Wang Hong
Ms. Yao Jie
Mr. Chen Zhong
Ms. Cheng Xianghong
Mr. Yang Baoqun

COMPANY SECRETARY

Mr. Li Bo, *CPA*

AUTHORISED REPRESENTATIVES

Ms. Li Chunyan
Mr. Li Bo, *CPA*

QUALIFIED ACCOUNTANT

Mr. Li Bo, *CPA*

AUDITORS

Ernst & Young

LEGAL ADVISERS

As to Hong Kong law:
Reed Smith Richards Butler

As to PRC law:
Jun Ze Jun Law Offices

INVESTORS AND MEDIA RELATION CONSULTANT

iPR Ogilvy Ltd.

PRINCIPAL BANKERS

Agricultural Bank of China
Guanghua Road Branch
4 Guanghua Road
Chaoyang District
Beijing PRC

Bank of Beijing
Jiulongshan Branch
117th Building
Jinsong Dongkou Nongguang Lane
Beijing PRC

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block No. 45
XinYuan Street
Chaoyang District
Beijing PRC

PLACE OF BUSINESS IN HONG KONG

20th Floor
Alexandra House
18 Chater Road
Central, Hong Kong

COMPANY WEBSITE

www.jkl.com.cn

SHAREHOLDERS' ENQUIRIES CONTACT INFORMATION OF THE COMPANY

Department of Investor Relations
Tel: 0086-10-64603046
Fax: 0086-10-64611370

STOCK CODE

814

FINANCIAL HIGHLIGHTS

The Group achieved the following results during the six months ended 30 June 2011:

- Revenue amounted to approximately RMB4,100,924,000, up approximately 18.3% compared with the previous corresponding period.

- Gross profit amounted to approximately RMB631,171,000, up approximately 30.1% compared with the previous corresponding period.

- Gross profit margin was approximately 15.4%, up approximately 1.4 percentage points compared with 14% of previous corresponding period.

- Profit attributable to equity holders of the parent reached approximately RMB102,968,000, up approximately 21.9% compared with the previous corresponding period.

- Earnings per share increased to RMB25.0 cents, up approximately 21.9% compared with the previous corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2011, China's economy remains sound and positive in general. Economic growth has transformed from policy-driven to organic growth, which is in line with the direction of macroeconomic control. Under the effect of increasing disposable income per capita, upgrading consumption and increased inflation, the domestic consumer market maintained a steady and fast growth momentum.

Beijing Jingkelong Company Limited (the "Company or Jingkelong") and its subsidiaries (collectively the "Group"), with the target of expanding our scale and increasing our strength while focusing on enhancing our sustainable competitiveness advantages, the Group has realized synchronized growth of its retail and wholesale businesses and achieved stable growth of operating results during the six months ended 30 June 2011 (the "Reporting Period").

RETAIL BUSINESS

STEADY EXPANSION OF RETAIL NETWORK

During the Reporting Period, the Group continued its compelling strategy of regional development. 14 retail outlets which comprised 5 directly-operated retail outlets (including 4 supermarkets and 1 convenience store) and 9 franchise-operated convenience stores were opened in Beijing and Hebei Province. Meanwhile, franchise agreements with 4 franchise-operated convenience stores had been terminated.

The total number of the Group's retail outlets was 246 as at 30 June 2011, including 151 directly-operated outlets, 95 franchise-operated outlets, with a total net operating area of approximately 300,000 square meters. The following table sets out the number and net operating area of the Group's retail outlets as at 30 June 2011:

	Department stores	Hypermarkets	Supermarkets	Convenience stores	Total
Number of retail outlets:					
Directly-operated	2	8	78	63	151
Franchise-operated	–	–	2	93	95
Total	2	8	80	156	246
Net operating area (square metres):					
Directly-operated	39,742	68,223	159,232	14,540	281,737
Franchise-operated	–	–	4,048	17,000	21,048
Total	39,742	68,223	163,280	31,540	302,785

IMPROVING COMPETITIVENESS OF PRODUCTS THROUGH CONSOLIDATED AND CENTRALIZED PROCUREMENT SYSTEM

Enhancing procurement system and revising procedures of examining buyers. We revised our buyers' performance assessment & evaluation method to include other performance indicators such as the new channels of supplies, ratio of direct-manufactures, the inventory turnover days and accuracy of promotion information. Through introducing these management performance indicators, buyers were encouraged to explore the new channels directly, eliminate obsolete items, introduce famous brand items and continue optimizing merchandise mix.

We placed more emphasis on the marketing plans for long weekends and festivals which account for over one-third of the whole year. Through early procurement planning and increasing the stock level beforehand especially for festival commodities to serve the marketing needs, we achieved overall sales growth.

Strengthening construction of live & fresh produce procurement base. We established two new bases in Hebei province to extend its procurement reach to more than 80 counties throughout 18 provinces. We continued the pre order practice with those bases, sending more buyers to help farmers plan ahead and supervise the quality of fresh foods, and thus making efficient procurement decision according to the first-hand market information. The direct link between farmer and supermarket not only helped us ensure stable fresh food supplies despite bad weather, but also provided a solution for farmers in deciding what crop to plant and finding right sales channel, therefore achieving mutual benefit and development with farmers.

ENHANCING MARKETING METHODS, LIFTING BRAND INFLUENCE

Enhancing marketing methods and focusing on effects. Flexible promotional schedule was adopted, three DM formats were standardized as double-week catalogue complemented with special weekly promotion catalogue and holiday promotion catalogue. Promotion sales were classified into three tiers, including red hot sales price, feature promotion, and category promotion. We integrated cultural promotion into festival promotion to boost festival sales. More efforts were paid upon the quality of promotional programs, formulating and executing price-controlling standards in terms of individual store promotion and limited time promotion, adjusting the operation model of special-priced products, shifting from merchandize-oriented promotion to activity-oriented promotion, assessing market trend analysis and promotion results analysis, gradually establishing marketing evaluation system.

Strengthening customer loyalty building and enhancing members service quality. Sales from members were stimulated by promotion programs designed especially for members in forms of membership low price, membership exclusive price and membership special day price. Registered members increased to around 2 million. We broadened our customer service fields by introducing red heart service card, Electronic Funds Transfer at Point of Sale, etc. We aim to attract more members by widening and enhancing the range and quality of our services. To reinforce our brand image and improve the overall quality of services, we developed accident alarm system in shops, revised code of conduct for employees of service centers and shops, thereby constantly improving the service system; and organized special training for customer service officers, and launched the outstanding customer service staff program.

ENHANCING LOGISTICS AND DISTRIBUTION FUNCTIONS TO INCREASE CENTRALIZED DISTRIBUTION EFFICIENCY

We have upgraded the distribution centre for normal temperature products to enhance logistics value. The traditional manual operation has been revolutionized by the installation of the RF handset system in all stages of the distribution process and the implementation of the automatic sorting line which enables the integrated process of quality control, warehousing and pallet loading. The use of the ABC analysis system and the installation of electronic labelling system in our operation area have also increased distribution efficiency on the whole.

Enhancing live & fresh produce processing techniques and delivery efficiency. We revised our vegetable processing standards and, in order to satisfy the need for diversification, we have developed various loss-reducing and high value-adding processing methods such as small packaging, easy packaging and bundling to increase gross profit. We have also tried to develop direct delivery services from strong agricultural procurement bases to our stores, in order to ensure the freshness of live & fresh produce and to enhance efficiency of delivery of live & fresh produce.

STRENGTHENING INFORMATION SYSTEM BY FACILITIES UPGRADES AND TECHNOLOGY INNOVATION

In order to improve the safety and stability of our information system, we have updated the servers at all our stores, separated our headquarters' storage resource from our calculation resource, and integrated our storage resources. We continued to explore on the role of decision-making and support of the information system. We developed the human resource system, the affiliate marketing system and the asset management system according to the requirements of the departments to facilitate our headquarters' central management ability and enhance efficiency. We also commenced feasibility study in regard to automatic cashier and electric price labels to provide technical support for enterprise development and progress.

RETAIL OPERATING RESULTS (UNAUDITED)

An analysis of the revenue contributed by the Group's directly-operated hypermarkets, supermarkets, convenience stores and department store is set out as follows:

	For the six months ended 30 June		
	2011	2010	**Variance**
	RMB'000	RMB'000	**(%)**
Directly-operated retail outlets:			
Hypermarkets	**594,510**	525,436	**13.1**
Supermarkets	**1,448,812**	1,014,556	**42.8**
Convenience stores	**159,859**	141,598	**12.9**
Department store	**24,476**	15,884	**54.1**
(Including commissions)	**(19,294)**	(12,425)	**55.3**
Total retail revenue	**2,227,657**	1,697,474	**31.2**
Gross profit margin of directly-operated hypermarkets, supermarkets and convenience stores (%)	**16.4**	16.8	**(0.4)**

During the Reporting Period, the retail revenue of the Group increased by approximately 31.2%. This was mainly due to the following reasons: (i) the sales contribution of approximately RMB243,958,000 during the Reporting Period from the acquisition at the end of 2010 of Beijing Shoulian Supermarket Company Limited ("Shoulian Supermarket") which has 20 stores, (ii) an overall same-store sales growth of approximately 10.4% during the Reporting Period, (iii) sales contribution from stores opened in the second half of 2010 and during the Reporting Period, and (iv) sales increase driven by the significant inflation in prices during the Reporting Period.

The gross profit margin from the directly-operated hypermarkets, supermarkets and convenience stores during the Reporting Period was approximately 16.4%, down approximately 0.4 percentage points from 16.8% during the previous corresponding period. This was mainly due to: (i) a series of heavy promotions launched by the Group during the Reporting Period to attract customer flow, due to the increase in market competition and in order to maintain and attract customer volumes, and (ii) the lowering of the Group's overall gross profit margin in its retail business due to the acquisition of Shoulian Supermarket, as there would be a period of time for the post acquisition consolidation for stores of Shoulian Supermarket to improve the operating management effectiveness and efficiency and achieve the same level of gross profit margin as our stores.

WHOLESALE BUSINESS

Continuing on the expansion of distributorship brand portfolio and wholesale coverage. We have strengthened cooperation with suppliers to strive for more distributorship. In the first half of 2011, we have secured 20 new manufacturers and 29 new distributorship brands. In view of changing market demand, we have established a new sales department specializing in promoting imported goods. The subsidiary in suburbs and the sales department which we established in the second half of 2010 have achieved steady business growth and the subsidiaries' market share in Beijing continues to expand.

Enhancing logistics and distribution system building. Our logistics and distribution center in Beijing continues to enhance the level of automation. We have successfully implemented the automatic sorting system in Warehouse 5, which updated our key technology and equipment, increased levels of equipment utilization and modernization, reduced the output error rate and enhanced the efficiency of sorting and distribution. We continued to strengthen the third-party logistics and distribution business. Apart from providing logistics and distribution services to 17 manufacturers, we also launched a comprehensive logistics and distribution service for some large retailers. This marks an important step in fostering relationship between our subsidiary Beijing Chaopi Trading Company Limited ("Chaopi Trading") and the retailers.

WHOLESALE OPERATING RESULTS (UNAUDITED)

The wholesale revenue and gross profit margin are set out as follows:

	For the six months ended 30 June		
	2011	2010	**Variance**
	RMB'000	RMB'000	**(%)**
Revenue recognised by Chaopi Trading and its subsidiaries	**2,122,344**	1,833,277	**15.8**
Less: Intersegment sales	**(265,524)**	(259,637)	**2.3**
Sales to franchisees*	**8,424**	193,673	**(95.7)**
Consolidated wholesale revenue	**1,865,244**	1,767,313	**5.5**
Gross profit margin (%)**	**11.7**	10.3	**1.4**

* *Sales to franchisees by the Company decreased to approximately RMB8,424,000 during the Reporting Period due to the elimination of intersegment sales to Shoulian Supermarket by the Company after the acquisition of 100% equity interest in Shoulian Supermarket on 24 December 2010. The sales to franchisees in the previous corresponding period include the amount of RMB185,320,000 by the Company to Shoulian Supermarket pursuant to the franchising agreement entered into between the Company and Shoulian Supermarket. The revenue from the Group's retail business during the Reporting Period includes the sales of approximately RMB243,958,000 recognized by Shoulian Supermarket.*

** *This represents gross profit margin recognised by Chaopi Trading and its subsidiaries include their intersegment sales.*

During the Reporting Period, the wholesale revenue recognized by Chaopi Trading and its subsidiaries increased by 15.8%, which was mainly due to the following reasons: (i) the various heavy promotion activities were arranged with suppliers to strengthen market shares, (ii) the sales increase in upscale wines and edible oil products, (iii) the sales contribution from the new subsidiary and sales departments which were set up in suburb areas in the second half of 2010, and (iv) the sales contribution from newly introduced distributorship brands.

During the Reporting Period, the gross profit margin of Chaopi Trading and its subsidiaries rose to 11.7% from 10.3% in the previous corresponding period, mainly due to (i) the continuous optimization of product mix led to the increase of the sales portion of higher gross profit margin products, (ii) the large inventories of the wholesale business enabled the realization of higher gross profit margin during inflation period, and (iii) the increase of bargaining power with suppliers due to the increase in the size of the business.

FINANCIAL RESULTS (UNAUDITED)

	For the six months ended 30 June		
	2011	2010	**Variance**
	RMB'000	RMB'000	**(%)**
Revenue	**4,100,924**	3,467,722	**18.3**
Gross profit	**631,171**	485,183	**30.1**
Gross profit margin (%)	**15.4**	14.0	**1.4**
Profit for the period	**126,338**	103,428	**22.2**
Net profit margin (%)	**3.08**	2.98	**0.1**
Profit attributable to equity holders of the parent	**102,968**	84,449	**21.9**
Net profit margin attributable to equity holders of the parent (%)	**2.5**	2.4	**0.1**

REVENUE

During the Reporting Period, the Group's revenue increased by approximately 18.3%. This was mainly attributable to 10.4% growth in same-store sales and sales contribution from new stores of the retail business and 15.7% growth in the wholesale business.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group increased by approximately 30.1% as compared to the previous corresponding period. The increase was in line with the increase in revenue. Gross profit margin increased from 14% in the previous corresponding period to 15.4%, mainly due to the increase in the gross profit margin of our wholesale business by 1.4 percentage points as compared to the previous corresponding period.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

During the Reporting Period, the profit attributable to equity holders of the parent rose by approximately 21.9% as compared to the previous corresponding period. The increase was mainly attributable to the increase in gross profit and other income and gains.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operations through internally generated cash flows and bank borrowings.

As at 30 June 2011, the Group had non-current assets of approximately RMB2,289,876,000 (comprising mainly property, plant and equipment of approximately RMB1,853,670,000) and non-current liabilities of approximately RMB255,964,000 (comprising mainly interest-bearing bank loans of approximately RMB230,000,000).

As at 30 June 2011, the Group had current assets of approximately RMB3,225,454,000. Current assets mainly comprised of cash and cash equivalents of approximately RMB661,342,000, inventories of approximately RMB937,626,000, trade receivables of approximately RMB806,405,000 and prepayments and deposits of approximately RMB647,654,000. The Group had current liabilities of approximately RMB3,540,915,000. Current liabilities mainly comprised of trade and bills payables of approximately RMB802,674,000, interest-bearing bank loans of RMB1,621,824,000 and, other payables and accruals of approximately RMB549,252,000.

INDEBTEDNESS AND PLEDGE OF ASSETS

As at 30 June 2011, the Group had bank borrowings of approximately RMB1,851,824,000, which consisted of secured short-term bank loans of approximately RMB200,000,000, unsecured short-term bank loans of approximately RMB1,421,824,000 and secured non-current bank loans of approximately RMB230,000,000. All the Group's bank loans bear fixed interest rates ranging from 5.0% to 6.7% per annum. The secured bank loans were secured by certain of the Group's buildings, investment properties and lease prepayments for land use rights with an aggregate net book value of approximately RMB185,600,000 as at 30 June 2011.

Certain of the Group's time deposits of approximately RMB22,300,000 were pledged for bills payable of approximately RMB74,400,000 as at 30 June 2011.

The Group's net gearing ratio* was approximately 88.3% as at 30 June 2011 which was slightly lower than that as at 31 December 2010, being approximately 89.1%.

* *Represented by: (Total borrowings (including debentures) – pledged deposits, and cash and cash equivalents)/ Total equity*

FOREIGN CURRENCY RISK

All of the Group's operating revenues and expenses are principally denominated in Renminbi.

During the Reporting Period, the Group did not encounter any material effect on its operations or liquidity as a result of fluctuation in currency exchange rates.

EMPLOYEES

As at 30 June 2011, the Group employed 6,965 employees in the PRC (as at 30 June 2010: 6,815). The total staff costs (including directors' and supervisors' remunerations) of the Group for the Reporting Period amounted to approximately RMB256,524,000 (corresponding period of 2010: approximately RMB196,000,000). The staff emolument (including directors and supervisors emoluments) of the Group are based on duty (position), experience, performance, and market rates, in order to maintain their remunerations at a competitive level.

CONTINGENT LIABILITIES

As at 30 June 2011, the Group did not have any significant contingent liabilities.

POST BALANCE SHEET EVENT

The Group did not have any significant events subsequent to 30 June 2011.

PROPOSED A SHARE ISSUE

The shareholders considered and approved at the extraordinary general meeting and H shares and domestic shares class meeting held on 4 May 2011 the extension of the validity period for the resolutions in respect of the A Share Issue and the authorizations. For details of the proposed A Share Issue, please refer to the circulars of the Company dated 4 May 2010 and 4 May 2011.

ACQUISITION OF 86% ENTIRE INTEREST IN JINGCHAO

On 25 January 2011, the Company acquired 86% equity interest in Beijing Jingchao Company Limited ("Jingchao") from Beijing Shoulian Trading Company Limited ("Shoulian") at a consideration of RMB259,324,000, including cash of RMB80,000,000 and trade receivable of RMB179,324,000. Jingchao subsequently became a wholly owned subsidiary of the Company. Further details of the acquisition are set out in the announcement of the Company dated 18 January 2011.

OUTLOOK

2011 is the first year of China's "Twelfth Five-Year Plan". As mentioned in the outline of the "Twelfth Five-Year Plan", by 2015, China's urbanization rate will reach 51.5%, the average annual growth rate of per capita disposable income will be no less than 7%, and the average annual nominal growth rate of total consumer goods will reach 15%. We predict that, in the second half of this year, the central government will continue to issue various policies in areas such as stabilizing consumer price and housing price, raising salary, innovation and development, and upgrading industry. The Group believes that, in the period of positive transformation in China's economy, the retail and wholesale industry in which the Group situate will play a fundamental role, while it will face new development opportunities.

For the second half of 2011, the Group will continue to adhere to its designated development strategy, accelerate the pace of business expansion, strengthen enterprise management infrastructure, enhance core competitiveness, and reinforce our competitive advantage in greater Beijing area.

OTHER INFORMATION

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has applied the principles of and complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the Reporting Period, saving for the directors' retirement by rotation as set out below.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiries, all the directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding their securities transactions throughout the Reporting Period.

THE BOARD

Provision A4.2 of the Code requires that every director (including those appointed for a specific term) of a listed issuer shall be subject to retirement by rotation at least once every three years. The Articles of Association of the Company stipulates that each director shall be elected by the general meeting of the Company for a term of not more than 3 years, and eligible for re-election upon the expiry of the term. Having taken into account of the continuity of the Group's operation and management policies, the Company's Articles of Association contains no express provision for the directors' retirement by rotation and thus deviate from the aforementioned provision of the Code.

AUDIT COMMITTEE

The audit committee of the Company together with the management of the Company and the independent auditor have considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting, including the review of the Group's 2011 unaudited interim consolidated results. The audit committee of the Company considered that the interim financial report for the six months ended 30 June 2011 is in compliance with the relevant accounting standards, requirements of the Stock Exchange and the Laws of Hong Kong, and appropriate disclosures have been made.

DISCLOSURE OF INTERESTS

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2011, the interests and positions of the directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules, were as follows:

Long positions in the domestic shares of the Company

Name	Capacity	Number of domestic shares held	Approximate percentage of total issued domestic shares (%)	Approximate percentage of total issued shares (%)
Wei Tingzhan	Personal	1,417,237	0.62	0.34
Li Jianwen	Personal	1,354,712	0.59	0.33
Li Chunyan	Personal	395,992	0.17	0.10
Liu Yuejin	Personal	375,151	0.16	0.09
Gu Hanlin	Personal	1,062,937	0.46	0.26
Li Shunxiang	Personal	5,210,428	2.26	1.26
Yang Baoqun	Personal	1,042,086	0.45	0.25
Liu Wenyu	Personal	265,151	0.12	0.06
Yao Jie	Personal	125,050	0.05	0.03
Wang Hong	Personal	82,525	0.04	0.02

Save as disclosed above, as at 30 June 2011, none of the directors, supervisors or chief executives of the Company nor any of their associates had any interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, so far as is known to the directors, supervisors or chief executives of the Company, the persons (other than a director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the domestic shares of the Company

Name	Capacity	Number of domestic shares held	Approximate percentage of total issued domestic shares (%)	Approximate percentage of total issued shares (%)
Beijing Chaoyang Auxiliary Food Company	Beneficial owner	167,409,808	72.77	40.61

Positions in the H shares of the Company

Name	Total number of H shares held	Approximate percentage of total issued H shares (%)	Approximate percentage of total issued shares (%)
Cheah Capital Management Limited *(Note 1)*	29,342,000(L)	16.10(L)	7.12
Cheah Cheng Hye *(Note 2)*	29,342,000(L)	16.10(L)	7.12
Cheah Company Limited (*Note 3)*	29,342,000(L)	16.10(L)	7.12
Hang Seng Bank Trustee International Limited (*Note 4)*	29,342,000(L)	16.10(L)	7.12
To Hau Yin *(Note 5)*	29,342,000(L)	16.10(L)	7.12
Value Partners Group Limited (*Note 6)*	29,342,000(L)	16.10(L)	7.12
Value Partners Limited (*Note 7)*	29,342,000(L)	16.10(L)	7.12
JPMorgan Chase & Co. (*Note 8)*	24,865,000(L)	13.65(L)	6.03
	7,344,000(P)	4.03(P)	1.78
Commonwealth Bank of Australia *(Note 9)*	16,647,000(L)	9.14(L)	4.04
Templeton Asset Management Limited *(Note 10)*	14,604,000(L)	8.02(L)	3.54
Schroder Investment Management (Hong Kong) Limited *(Note 11)*	13,036,000(L)	7.16(L)	3.16
Genesis Asset Managers, LLP *(Note 12)*	12,749,000(L)	6.99(L)	3.09

(L) –Long Position
(P) –Lending Pool

Note:

1. Cheah Capital Management Limited had a 31.19% deemed interest in Value Partners Group Limited was therefore deemed to have an interest in the 29,342,000 H shares in which Value Partners Limited was interested in.

2. These 29,342,000 H shares were held by Cheah Cheng Hye in the capacity as the founder of a discretionary trust.

3. Cheah Company Limited had a 100% deemed interest in Cheah Capital Management Limited and was therefore deemed to have an interest in the 29,342,000 H shares in which Value Partners Limited was interested in.

4. These 29,342,000 H shares were held by Hang Seng Bank Trustee International Limited in its capacity as a trustee.

5. These 29,342,000 H shares were held by To Hau Yin in the capacity as the spouse of Cheah Cheng Hye.

6. Value Partners Group Limited had a 100% direct interest in Value Partners Limited and was therefore deemed to have an interest in the 29,342,000 H shares in which Value Partners Limited was interested in.

7. These 29,342,000 H shares were held by Value Partners Limited in its capacity as an investment manager.

8. These 24,865,000 H shares were held by JP Morgan Chase & Co. of which 7,344,000 H shares were in its capacity as a custodian corporation/an approved lending agent and the other 17,521,000 H shares were in its capacity as an investment manager.

9. Commonwealth Bank of Australia had a 100% deemed interest in a corporation holding the 16,647,000 H shares and was therefore deemed to have an interest in the 16,647,000 H shares.

10. These 14,604,000 H shares were held by Templeton Asset Management Ltd. in its capacity as an investment manager.

11. These 13,036,000 H shares were held by Schroder Investment Management (Hong Kong) Limited in its capacity as an investment manager.

12. These 12,749,000 H shares were held by Genesis Asset Managers, LLP in its capacity as an investment manager.

Save as disclosed above, as far as is known to the directors, supervisors or chief executives of the Company, as at 30 June 2011, no other persons (not being a director, supervisor or chief executive of the Company) had, or were deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

By order of the Board
Wei Tingzhan
Chairman

Beijing, PRC
5 August 2011

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the board of directors of
Beijing Jingkelong Company Limited
(A joint stock limited company incorporated in the People's Republic of China)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 18 to 38, which comprise the interim condensed consolidated statement of financial position of Beijing Jingkelong Company Limited and its subsidiaries as of 30 June 2011 and the related interim condensed consolidated income statements, comprehensive income, changes in equity and cash flows for the six months period then ended and explanatory notes (collectively referred to as "Interim Condensed Consolidated Financial Statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the Interim Condensed Consolidated Financial Statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this Interim Condensed Consolidated Financial Statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of Interim Condensed Consolidated Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Ernst & Young
Certified Public Accountants

18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

5 August 2011

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2011

	Notes	Six months ended 30 June **2011** **RMB'000** **(Unaudited)**	 2010 RMB'000 (Unaudited)
REVENUE	*4*	**4,100,924**	3,467,722
Cost of sales		**(3,469,753)**	(2,982,539)
Gross profit		**631,171**	485,183
Other income and gains	*4*	**281,065**	257,582
Selling and distribution costs		**(552,608)**	(405,961)
Administrative expenses		**(116,822)**	(128,713)
Other expenses		**(21,740)**	(21,438)
Operating profit		**221,066**	186,653
Finance costs	*5*	**(53,522)**	(47,077)
PROFIT BEFORE TAX	*6*	**167,544**	139,576
Income tax expenses	*7*	**(41,206)**	(36,148)
PROFIT FOR THE PERIOD		**126,338**	103,428
Attributable to:			
Owners of the parent		**102,968**	84,449
Minority interests		**23,370**	18,979
		126,338	103,428
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)			
– For profit for the period	*9*	**25.0 cents**	20.5 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2011

		Six months ended 30 June	
	Note	**2011**	2010
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD		**126,338**	103,428
Other comprehensive income/(loss) for the period, net of tax	*14*	**114**	(142)
Total comprehensive income for the period		**126,452**	103,286
Attributable to:			
Owners of the parent		**103,082**	84,307
Minority interests		**23,370**	18,979
		126,452	103,286

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	**30 June 2011 RMB'000 (Unaudited)**	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**1,853,670**	1,839,832
Investment properties	*11*	**23,460**	7,326
Prepaid land lease payments	*12*	**236,789**	85,817
Goodwill	*13*	**86,674**	90,204
Intangible assets		**11,031**	11,055
Available-for-sale investments	*14*	**7,005**	48,853
Deferred tax assets		**16,754**	12,172
Other long term lease prepayments		**54,493**	58,157
Total non-current assets		**2,289,876**	2,153,416
CURRENT ASSETS			
Inventories	*15*	**937,626**	997,356
Trade receivables	*16*	**806,405**	1,185,689
Prepayments, deposits and other receivables		**647,654**	542,034
Loan receivable		**–**	50,000
Investment deposit		**150,099**	–
Pledged deposits	*17*	**22,328**	21,966
Cash and cash equivalents	*17*	**661,342**	574,532
Total current assets		**3,225,454**	3,371,577
CURRENT LIABILITIES			
Trade and bills payables	*18*	**802,674**	1,065,512
Debentures		**499,733**	498,733
Tax payable		**11,036**	17,198
Other payables and accruals		**549,252**	597,817
Interest-bearing bank and other borrowings	*19*	**1,421,824**	1,185,000
Long term bank loans and other borrowing – current portion	*19*	**200,000**	–
Dividend payable		**55,666**	–
Deferred income – current portion		**730**	1,216
Total current liabilities		**3,540,915**	3,365,476
NET CURRENT ASSETS/(LIABILITIES)		**(315,461)**	6,101
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,974,415**	2,159,517

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,974,415**	2,159,517
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*19*	**230,000**	430,000
Deferred income		**2,265**	2,398
Deferred tax liabilities		**12,472**	12,286
Other liabilities		**11,227**	10,075
Total non-current liabilities		**255,964**	454,759
Net assets		**1,718,451**	1,704,758
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*20*	**412,220**	412,220
Reserves		**1,100,977**	997,895
Proposed final dividend		**–**	82,444
		1,513,197	1,492,559
Non-controlling interests		**205,254**	212,199
Total equity		**1,718,451**	1,704,758

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2011

	Attributable to equity holders of the parent									
	Issued capital RMB'000	**Share premium account** RMB'000	**Capital reserve** RMB'000	**Available-for-sale investment revaluation reserve** RMB'000	**Statutory surplus reserve** RMB'000	**Proposed final dividend** RMB'000	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Six months ended 30 June 2011 (Unaudited)										
At 1 January 2011	412,220	605,171	1,652	4,877	104,769	82,444	281,426	1,492,559	212,199	1,704,758
Total comprehensive income for the period	–	–	114	–	–	–	102,968	103,082	23,370	126,452
2010 dividend declared	–	–	–	–	–	(82,444)	–	(82,444)	–	(82,444)
Dividends paid to minority equity holders	–	–	–	–	–	–	–	–	(31,083)	(31,083)
Capital injection from non-controlling interest	–	–	–	–	–	–	–	–	768	768
At 30 June 2011	412,220	605,171*	1,766 *	4,877 *	104,769 *	–	384,394 *	1,513,197	205,254	1,718,451
Six months ended 30 June 2010 (Unaudited)										
At 1 January 2010	412,220	605,171	5,121	2,957	96,156	74,200	192,633	1,388,458	148,418	1,536,876
Total comprehensive income for the period	–	–	–	(142)	–	–	84,449	84,307	18,979	103,286
2009 dividend declared	–	–	–	–	–	(74,200)	–	(74,200)	–	(74,200)
Acquisition of non-controlling interests	–	–	(3,469)	–	–	–	–	(3,469)	(4,467)	(7,936)
Capitalisation upon the conversion into a joint stock limited company of a subsidiary	–	–	35,850	–	(15,389)	–	(20,461)	–	–	–
Dividends paid to minority equity holders	–	–	–	–	–	–	–	–	(175)	(175)
At 30 June 2010	412,220	605,171*	37,502*	2,815*	80,767*	–	256,621*	1,395,096	162,755	1,557,851

* *These reserve accounts as at 30 June 2011 comprised the consolidated reserves of RMB1,100,833,000 (30 June 2010: RMB 982,876,000) in the interim condensed consolidated statements of financial position.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash inflow from operating activities	**60,893**	67,788
Net cash outflow from investing activities	**(187,354)**	(56,924)
Net cash inflow from financing activities	**213,227**	74,903
Net increase in cash and cash equivalents	**86,766**	85,767
Cash and cash equivalents at beginning of period	**574,532**	413,811
Effect of foreign exchange rate changes, net	**44**	(66)
Cash and bank balances at end of period	**661,342**	499,512

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

1. CORPORATE INFORMATION

Beijing Jingkelong Company Limited (the "Company") is a joint stock limited company incorporated in the People's Republic of China (the "PRC").

The registered office of the Company is located at Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the PRC. The principal place of business of the Company in Hong Kong is located at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the retail and wholesale distribution of daily consumer products in the region covering the Beijing city and certain parts of its periphery.

In the opinion of the directors, the controlling shareholder of the Company is Beijing Chaoyang Auxiliary Food Company ("Chaoyang Auxiliary"), a state-owned enterprise established in the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of presentation

The interim condensed consolidated financial statements for the six months ended 30 June 2011 (the "Interim Condensed Consolidated Financial Statements") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Condensed Consolidated Financial Statements does not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010. The Interim Condensed Consolidated Financial Statements are presented in Renminbi ("RMB") and all values are rounded to nearest thousand, except when otherwise indicated.

As at 30 June 2011, the Group had net current liabilities of RMB315,461,000 (31 December 2010: net current assets of RMB6,101,000). Based on the Group's history of obtaining financing, available banking facilities, operating performance, working capital forecast and financial obligations in the next twelve months, the directors consider that there are sufficient financial resources available to the Group to meet its liabilities as when fall due and to carry on its businesses in the foreseeable future. Accordingly, the directors have prepared these Interim Condensed Consolidated Financial Statements on a going concern basis.

2.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations.

The Group adopted new and revised standards and interpretations and a number of insignificant amendments to standards and interpretations. They are described under note 2.3 of the Group's annual financial statements for the year ended 31 December 2010.

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their business operation based on its products and services and has three reportable operating segments as follows:

(i) the retailing segment engages in the distribution of live and fresh produce, dry products, beverages, processed food and daily necessities through the department store, hypermarkets, supermarkets and/or convenience stores of the Group (the "Retail Outlets");

(ii) the wholesaling segment engages in the wholesale supply of daily consumer products to consumers, including the Retail Outlets, other retail operators, and trading companies; and

(iii) the "others" segment comprises, principally, the production of plastic packing materials, and the installation and maintenance of commercial equipment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit, which is measured consistently with profit before tax in the condensed consolidated financial statements.

All assets and liabilities are included in the segment information, no assets nor liabilities are managed on a group basis.

Intersegment sales and transfers are conducted based on mutually-agreed terms.

The Group has not placed reliance on any single external customers, amounting to 10% or more of its revenues.

No geographical information is presented as all of the Group's revenue is derived from customers based in the PRC, and all of its assets are located in the PRC.

Operating segments

The following tables present revenue and profit regarding the Group's operating segments for the six months ended 30 June 2011 and 2010, respectively.

Six months ended 30 June 2011 (Unaudited)

	Retailing RMB'000	Wholesaling RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	**2,227,657**	**1,865,244**	**8,023**	**4,100,924**
Intersegment sales	**–**	**265,524**	**5,877**	**271,401**
	2,227,657	**2,130,768**	**13,900**	**4,372,325**
Reconciliation:				
Elimination of intersegment sales				**(271,401)**
Revenue from operations				**4,100,924**
Segment results	**99,528**	**69,515**	**(1,499)**	**167,544**
Profit before tax				**167,544**

Six months ended 30 June 2010 (Unaudited)

	Retailing RMB'000	Wholesaling RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	1,697,474	1,767,313	2,935	3,467,722
Intersegment sales	–	259,637	3,563	263,200
	1,697,474	2,026,950	6,498	3,730,922
Reconciliation:				
Elimination of intersegment sales				(263,200)
Revenue from operations				3,467,722
Segment results	67,440	72,498	(362)	139,576
Profit before tax				139,576

The following table present segment assets of the Group's operating segment as at 30 June 2011 and 31 December 2010, respectively.

As at 30 June 2011 (Unaudited)

	Retailing RMB'000	**Wholesaling RMB'000**	**Others RMB'000**	**Consolidated RMB'000**
Segment assets	**3,415,999**	**2,201,508**	**12,003**	**5,629,510**
Reconciliation:				
Elimination of intersegment receivables				**(114,180)**
Total assets				**5,515,330**

As at 31 December 2010 (Audited)

	Retailing RMB'000	Wholesaling RMB'000	Others RMB'000	Consolidated RMB'000
Segment assets	3,285,299	2,243,782	5,405	5,534,486
Reconciliation:				
Elimination of intersegment receivables				(9,493)
Total assets				5,524,993

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of merchandise and produce:		
Retailing	**2,208,363**	1,685,049
Wholesaling*	**1,865,244**	1,767,313
	4,073,607	3,452,362
Commission from concessionaire sales	**19,294**	12,425
Others	**8,023**	2,935
	4,100,924	3,467,722

* *Included in the balance are sales to franchises amounting to RMB8,424,000 (the six months ended 30 June 2010: RMB193,673,000)*

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Income from suppliers	**198,566**	186,531
Gross rental income	**53,338**	44,294
Net compensation on demolished property	**–**	2,172
Interest income	**7,148**	13,819
Government grants	**4,337**	747
Others	**17,676**	10,019
	281,065	257,582

5. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**54,109**	41,350
Interest on other borrowings wholly repayable within five years	**–**	5,764
	54,109	47,114
Less: Interest capitalised	**(587)**	(37)
	53,522	47,077

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**3,468,213**	2,982,539
Depreciation:		
Property, plant and equipment	**84,682**	73,554
Investment properties	**253**	224
	84,935	73,778
Amortisation of intangible assets	**1,443**	1,009
Recognition of lease prepayments for land use rights	**3,308**	1,226
Minimum lease payments under operating lease on properties	**77,342**	61,808
Net (profits)/losses on disposal of items of property, plant and equipment	**(107)**	630
Reversal of impairment of trade receivables	**–**	(727)
Write-down of inventories to net realisable value	**–**	1,700
Staff costs:		
Directors' emoluments	**6,922**	6,132
Other staff costs		
Wages, salaries and social security costs	**228,378**	173,978
Retirement benefits contributions	**21,224**	15,853
	249,602	189,831
Staff costs	**256,524**	195,963
Foreign exchange differences	**(44)**	66

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it did not have assessable income currently arising in Hong Kong. Under the prevailing PRC income tax law, the Group is subject to corporate income tax at a rate of 25% on their respective taxable income.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax – PRC	**41,395**	36,607
Deferred income tax	**(189)**	(459)
	41,206	36,148

A reconciliation of tax expense applicable to profit before tax at the statutory rate to tax expense at the Group's effective rate, and a reconciliation of the statutory rate to the effective tax rate, are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**167,544**	139,576
Income tax at PRC statutory income tax rate	**41,886**	34,894
Expenses not deductible for tax	**858**	1,476
Tax losses not recognised	**1,290**	378
Tax effect of non-taxable income	**(940)**	(574)
Previous years' losses recovered by current period profit	**(1,765)**	–
Others	**(123)**	(26)
Tax charge at the Group's effective rate	**41,206**	36,148

8. INTERIM DIVIDEND

The board of the Company did not recommend the payment of any interim dividend for the six months ended 30 June 2011 (the six months ended 30 June 2010: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent	**102,968**	84,449

	Number of shares Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	**412,220,000**	412,220,000

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2011 and 2010 as the Company had no potentially dilutive ordinary shares in issue during the relevant periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired buildings, leasehold improvements, machinery, office equipment, motor vehicle, and construction in progress with an aggregate cost of approximately RMB116.0 million.

As at 30 June 2011, the Group's buildings with net book values of approximately RMB156.3 million (31 December 2010: RMB160.1 million) were pledged to secure certain bank loans granted to the Group (note 19).

11. INVESTMENT PROPERTIES

As at 30 June 2011, the Group's investment properties with an aggregate carrying amount of RMB5.7 million (31 December 2010: RMB5.9 million) were pledged to secure certain bank loans granted to the Group (note 19).

12. LEASE PREPAYMENTS FOR LAND USE RIGHTS

As at 30 June 2011, the Group's lease prepayments for land use rights with an aggregate carrying amount of RMB23.6 million (31 December 2010: RMB24.0 million) were pledged to secure certain bank loans granted to the Group (note 19).

13. GOODWILL

Group

	RMB'000
At 1 January 2011:	
Cost and net carrying amount	**90,204**
Acquisition of a subsidiary (note 24)	**1,051**
Reversal during the year	**(4,581)**
Cost and net carrying amount at 31 December 2010	**86,674**
At 30 June 2011:	
Cost	86,674
Accumulated impairment	–
Net carrying amount	86,674

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the subsidiary acquired as a whole for impairment testing:

Cash-generating unit

The recoverable amount of the subsidiary has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 13%. The growth rate used to extrapolate the cash flows of the subsidiary beyond the five-year period is 4%, which was the same as the long term average growth rate of the industry.

Key assumptions were used in the value in use calculation of the subsidiary for 30 June 2011. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to key assumptions are consistent with external information sources.

14. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Listed equity investment in the PRC, at fair value	**7,005**	6,853
Unlisted equity investment, at cost	**1,188**	43,188
Less: impairment loss of equity investment	**(1,188)**	(1,188)
	–	42,000
	7,005	48,853

The above investments consist of investments in equity securities which were designated as available-for-sale investments and have no fixed maturity date or coupon rate. The fair value of the listed equity investment is based on quoted market prices.

During the six months ended 30 June 2011, the net profit of the Group's available-for-sale investments of RMB114,000 (the six months ended 30 June 2010: net loss of RMB142,000) was recognised as other comprehensive income.

15. INVENTORIES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Merchandise and produce for resale	**932,722**	985,511
Raw materials	**4,462**	9,617
	937,184	995,128
Low value consumables	**442**	2,228
	937,626	997,356

16. TRADE RECEIVABLES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade receivables	**806,405**	1,185,689
Impairment	**–**	–
	806,405	1,185,689

The Group normally allows a credit period of not more than 60 days to its customers. A longer credit period is granted to its major customers with long term relationship. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group's trade receivables as at 30 June 2011 comprised about 2,550 (31 December 2010: 2,500) customers with amount ranging from RMB0.001 million to RMB142.8 million (31 December 2010: RMB0.001 million to RMB260.5 million). Trade receivables are non-interest-bearing except for amounts due from Beijing Shoulian Trading Company Limited ("Shoulian") which bore interest rate 5.81% to 6.31% (31 December 2010: 5.3%) per annum.

An aged analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 2 months	**376,625**	635,557
2 to 6 months	**302,634**	270,592
6 months to 1 year	**45,251**	111,952
1 to 2 years	**81,895**	167,588
	806,405	1,185,689

Included in the Group's trade receivables as at 30 June 2011 was an amount of approximately RMB80.0 million (31 December 2010: RMB260.5 million) due from Shoulian, and the overdue balance was approximately RMB80.0 million (31 December 2010: RMB260.5 million). In the opinion of the directors, no impairment is necessary in view of the following consideration:

– Shoulian has pledged one piece of land and related buildings situated in Beijing with a total value of not less than RMB91.9 million to the Company to secure the overdue trade receivable.

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Cash and bank balances	**661,342**	574,532
Time deposits	**22,328**	21,966
	683,670	596,498
Less: Pledged time deposits		
Pledged for bills payable	**(22,328)**	(21,966)
Cash and cash equivalents	**661,342**	574,532

18. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is analysed as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 2 months	**622,633**	918,616
2 to 6 months	**144,439**	131,082
6 months to 1 year	**27,595**	9,164
1 to 2 years	**5,418**	5,012
Over 2 years	**2,589**	1,638
	802,674	1,065,512

The trade and bills payables are non-interest-bearing and are normally settled on 60-days terms.

As at 30 June 2011, the bills payable of the Group amounting to RMB74.4 million (31 December 2010: RMB87.3 million) was secured by certain of the Group's pledged time deposits amounting to approximately RMB22.3 million (31 December 2010: RMB22.0 million) (note 17).

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2011		31 December 2010	
	Maturity	**RMB'000 (Unaudited)**	Maturity	RMB'000 (Audited)
Current				
Bank loans – unsecured	**2011-2012**	**1,421,824**	2011	1,185,000
Current portion of long term bank loans – secured	**2012**	**200,000**		–
		1,621,824		1,185,000
Non-current				
Bank loans – secured	**2013**	**230,000**	2012-2013	430,000
		1,851,824		1,615,000

All of the Group's bank loans, which are denominated in RMB, bear fixed interest rates ranging from 5.0% to 6.7% (31 December 2010: 4.0% to 5.6%) per annum.

(i) Secured bank loans

As at 30 June 2011, the secured bank loans of the Group amounting to RMB430 million were secured by certain of the Group's buildings, investment properties and lease prepayments for land use rights with aggregate net book values of approximately RMB156.3 million (note 10), RMB5.7 million (note 11) and RMB23.6 million (note 12), respectively.

As at 31 December 2010, the secured bank loans of the Group amounting to RMB430 million were secured by certain of the Group's buildings, investment properties and lease prepayments for land use rights with aggregate net book values of approximately RMB160.1 million (note 10), RMB5.9 million (note 11), and RMB24.0 million (note 12), respectively.

(ii) Unsecured bank loans

Except for the bank loans of the Group amounting to RMB430 million (31 December 2010: RMB430 million) were guaranteed by the Company and Beijing Chaopi Trading Company Limited ("Chaopi Trading"), a subsidiary of the Company, respectively, the Group's other bank loans amounting to RMB1,421.8 million (31 December 2010: RMB1,185.0 million) were unsecured as at 30 June 2011.

20. SHARE CAPITAL

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Issued and fully paid:		
230,060,000 domestic shares of RMB1.00 each	**230,060**	230,060
182,160,000 H shares of RMB1.00 each	**182,160**	182,160
	412,220	412,220

21. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 20 years. The terms of the leases generally also require the tenants to pay security deposits.

As at 30 June 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**61,390**	40,545
In the second to fifth years, inclusive	**131,906**	123,895
After five years	**57,506**	91,773
	250,802	256,213

(b) As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 2 to 20 years.

As at 30 June 2011, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**142,745**	138,067
In the second to fifth years, inclusive	**695,300**	554,564
After five years	**1,343,682**	1,201,646
	2,181,727	1,894,277

A lease that is cancellable only upon the occurrence of some remote contingency is a non-cancellable operating lease as defined under the HKFRSs. Pursuant to the relevant lease agreements, the Group is entitled to terminate the underlying lease agreement if the attributable outlets has incurred losses in excess of a prescribed amount or such outlets will not be in a position to continue its business because of losses.

22. COMMITMENTS

The Group had the following capital commitments, principally for the construction and acquisition of property, plant and equipment at the end of the reporting period:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Authorised, but not contracted for	**11,805**	36,133
Contracted, but not provided for	**79,664**	82,046
	91,469	118,179

23. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the six months ended 30 June 2011 and 2010:

		Six months ended 30 June	
	Notes	**2011**	2010
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Controlling shareholder:			
Expenses on property leasing	*(i)*	**5,309**	5,191
A subsidiary of controlling shareholder:			
Expenses on property leasing	*(ii)*	**1,050**	1,050

Notes:

(i) The Group entered into lease and supplement agreements with Chaoyang Auxiliary to lease certain properties for operation purposes for lease terms ranging from 10 to 20 years at a basic annual rental expense, including related business taxes and property taxes, in aggregate of approximately RMB10,618,000 for the year ended 31 December 2011.

(ii) Pursuant to a property lease agreement signed between the Company and Beijing Tengyuan Xingye Automobile Service Company Limited, a subsidiary of Chaoyang Auxiliary, the rental expenses for the six months ended 30 June 2011 were charged at annual rental expense of approximately RMB2,100,000.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**11,674**	10,972
Post-employment benefits	**167**	134
Total compensation paid to key management personnel	**11,841**	11,106

24. BUSINESS COMBINATION

On 25 January 2011, the Group acquired a 86% interest in Beijing Jingchao Trading Company Limited ("Jingchao") from a third party, Shoulian. The acquisition was made as part of the Group's strategy to expand its market. The purchase consideration for the acquisition was RMB259,324,500, settled in the forms of cash and trade receivables, of RMB80,000,000 and RMB179,324,500, respectively, settled at the acquisition date.

The fair values of the identifiable assets and liabilities of Jingchao as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	41,827
Cash and bank balances	3,538
Trade receivables	1,024
Prepayments and other receivables	100,051
Intangible assets	154,281
Deferred tax liability	(380)
Tax payables	(24)
Total identifiable net assets at fair value	300,317
86%	258,274
Cash consideration	259,325
Goodwill	1,051

The Group incurred transaction costs of RMB341,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated income statement.

The Group considers the most important factors to decide the purchase considerations are favorable locations, which are not recognised as intangible assets at acquisition date because they cannot be measured reliably. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(80,000)
Cash and bank balances acquired	3,538
Net inflow of cash and cash equivalents included in cash flows from investing activities	76,462
Transaction costs of the acquisition included in cash flows from operating activities	(341)
	76,121

25. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2011.

26. POST BALANCE SHEET EVENTS

the Group did not have any significant post balance sheet events taken place subsequent to 30 June 2011.

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Interim Condensed Consolidated Financial Statements were approved and authorised for issue by the board of directors on 5 August 2011.