



Wumart Stores, Inc.

北京物美商業集團股份有限公司

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



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This report, for which the directors of Wumart Stores, Inc. (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to Wumart Stores, Inc. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS

Comparison of the results for the first quarter of 2005 and the corresponding period in 2004

	Change	For the three months ended 31st March, 2005 RMB'000	2004 RMB'000
Turnover	47.2%	981,760	666,885
Net Profit	53.8%	43,800	28,471
Earnings per share	36.4%	RMB0.15	RMB0.11

- Comparable store sales grew by 8.24%.
- Total number of stores increased from 389 to 468.
- As of 31st March, 2005, the Group had net assets of approximately RMB1,210,400,000.
- For the three months ended 31st March, 2005, the Group's inventory turnover was 21 days, and creditor turnover was 60 days.

CHAIRMAN'S STATEMENT

I am pleased to present the unaudited first quarterly results for the three months ended 31st March, 2005 of Wumart Stores, Inc. (the "Company") and its subsidiaries (together, the "Group").

Financial Review

During the first quarter of 2005, turnover of the Group was approximately RMB981,760,000, an increase of 47.2% as compared with the corresponding period of last year. The increase of turnover was mainly attributable to the increase in number of retail outlets (to 468 from 389 in the corresponding period of last year), and the growth of comparable store sales (the existing stores in the first quarter of 2005 and the first quarter of 2004) of 8.24% over the corresponding period of last year. The growth of comparable store sales was mainly attributable to the continuing reinforcement of product portfolio management and "Wumart" brand promotion resulting in the increase in average daily transaction volume and average transaction value.

During the period under review, the Group's gross profit was approximately RMB149,805,000, an increase of 70.9% compared with the corresponding period of last year. The Group's gross profit margin was approximately 15.3%, an increase of approximately 2.2 percentage points over the same period of last year. The increase of gross profit margin was mainly attributable to the more reasonable pricing policy, and also the economies of scale arising from the centralized purchase system, that reduced the unit cost of merchandise. In addition, excluding merchandise sales to managed stores and associated company at cost, gross profit margin would have increased to 17.7%.

During the period under review, the net profit of the Group was approximately RMB43,800,000, an increase of approximately 53.8% compared with the same period of last year. The increase of net profit was primarily attributable to the increase of sales triggered by the increase in the number of outlets, and also the growth of comparable store sales, as well as the increase of gross profit. The aggregate of administrative expenses, selling and distribution costs accounted for 11.0% of turnover, representing an increase of 2.4 percentage points compared with 8.6% for the same period of last year. The increase was mainly attributable to the preliminary expenses of new stores during the period. Rental expenses and

salaries and staff benefits, the two major expense items for the Group, amounted to approximately RMB22,067,000 and RMB35,586,000, respectively, accounting for approximately 2.2% and 3.6% of the Group's turnover, respectively (1st quarter of 2004: approximately RMB10,834,000 and RMB21,881,000 respectively, accounting for 1.6% and 3.3% of the Group's turnover, respectively).

The Group's net profit margin for the period under review was approximately 4.5%, an increase of approximately 0.2 percentage points over the same period last year. This was primarily due to growth in gross profit and effective cost control by achieving economies of scale. In addition, excluding merchandise sales to managed stores and associated company at cost, net profit margin for the first quarter of 2005 would have increased to 5.2%.

For the three months ended 31st March, 2005, earnings per share was approximately RMB0.15, as compared with approximately RMB0.11 for the corresponding period in 2004. Earnings per share for the first quarter of 2005 was based on the weighted average of 283,987,000 shares in issue, as compared to the weighted average of 266,397,000 shares in the first quarter of 2004. Based on 266,397,000 shares in issue, earnings per share for the first quarter of 2005 would have been approximately RMB0.16 or approximately 49.5% higher than the corresponding period of last year.

Quarterly Results

The board of Directors of the Company ("the Board") is pleased to announce the unaudited consolidated results of the Group for the three months ended 31st March, 2005 together with the comparative unaudited consolidated figures for the three months ended 31st March, 2004:

	Note	For the three months ended	
		31st March, 2005	2004
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	2	981,760	666,885
Cost of Sales		(831,955)	(579,229)
Gross profit		149,805	87,656
Other operating income	3	18,103	10,536
Administrative expenses		(25,907)	(15,023)
Selling & distribution costs		(82,859)	(42,080)
Profit from operations		59,142	41,089
Finance costs		(159)	(107)
Share of results of associates		3,261	2,822
Profit before taxation		62,244	43,804
Taxation	4	(17,262)	(14,692)
Profit before minority interests		44,982	29,112
Minority interests		(1,182)	(641)
Net profit for the period		43,800	28,471
Dividend	5	—	—
Earnings per share — basic	6	RMB 0.15	RMB0.11

Notes:

1. Basis of Presentation

The Company was incorporated in the People's Republic of China (the "PRC") as a limited liability company on 9th August, 2000 and was converted into a joint stock limited company in accordance with the PRC Company Law on 5th December, 2002. The Company's H shares were listed on GEM on 21st November, 2003. Its ultimate holding company is Beijing Jingxi Guigu Technology Company Limited ("Jingxi Guigu") (北京京西硅谷科技有限公司), a company incorporated in the PRC with limited liability.

The financial statements for the period under review have been prepared under the historical cost convention, modified for the revaluation of certain investments in securities.

The accounting policies adopted are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31st December, 2004.

2. Turnover

The Group is principally engaged in the operation and management of hypermarkets, supermarkets and convenience stores in Beijing, Tianjin and Hebei. The results for the three months ended 31st March, 2005 as compared to the results of the same period last year are as follows:

	For the three months ended	
	31st March,	
	2005	2004
	RMB'000	RMB'000
Sales of merchandise	898,870	625,175
Rental income from leasing shop premises	28,160	15,958
Service income, including store display income and promotion income	60,682	29,060
	987,712	670,193
Business tax and other government charges	(5,952)	(3,308)
	981,760	666,885

3. Other operating income

	For the three months ended	
	31st March,	
	2005	2004
	RMB'000	RMB'000
Interest and other financial income	7,604	1,805
Delivery service income	3,557	3,337
Government subsidies	2,968	577
Others	3,974	4,817
	18,103	10,536

4. Taxation

	For the three months ended	
	31st March,	
	2005	2004
	RMB'000	RMB'000
The charge comprises:		
Company and subsidiaries		
PRC corporate income tax	18,575	13,761
Deferred taxation (Note 2)	(2,423)	—
	16,152	13,761
Share of taxation of associates	1,110	931
	17,262	14,692

Note 1: PRC corporate income tax is calculated at 33% of the estimated assessable profit for the period.

Note 2: According to PRC income tax law, unutilized tax losses can be carried forward for 5 years. During the period under review, the Group recognized corresponding deferred tax asset for a subsidiary's tax losses.

The charge for the period can be reconciled to the profit in the consolidated income statement as follows:

	For the three months ended 31st March,	
	2005	2004
	RMB'000	RMB'000
Profit before taxation	62,244	43,804
Taxation at the corporate income tax rate of 33%	20,541	14,455
Effect of non-assessable government subsidies in determining taxable profit	(979)	(190)
Tax effects of non-deductible expenses in determining taxable profit	(602)	427
Utilisation of previously unrecognised tax losses	(1,698)	—
Taxation for the period	17,262	14,692

5. Dividend

The Board do not recommend the payment of any dividend for the three months ended 31st March, 2005.

The Board's recommendation of a final dividend for the year ended 31st December, 2004 of RMB0.18 per share (tax inclusive) has been approved at the annual general meeting convened on 29th April, 2005.

6. Earnings per share

The calculation of earnings per share is based on the unaudited net profit for the three months ended 31st March, 2005 of RMB43,800,000 (2004: RMB28,471,000) and on the weighted average number of 283,987,000 shares in issue during the three months ended 31st March 2005 (2004: 266,397,000 shares).

7. Reserves

Movements in the Group's reserves during the three months ended 31st March, 2005 were as follows:

	For the three months ended 31st March,					2004
	2005					
	Share premium	Statutory common reserve fund	Statutory common welfare fund	Accumulated profit	Total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January	695,018	25,399	12,558	149,638	882,613	529,113
Net profit for three months ended 31st March	—	—	—	43,800	43,800	28,471
At 31st March	695,018	25,399	12,558	193,438	926,413	557,584

Business Review

The Group continued to pursue its regional expansion strategy by means of new stores development, collaborative arrangements with third parties, mergers and acquisitions, entering into franchise arrangements and management agreements as well as acquiring commercial facilities at strategic locations with a primary focus in Beijing, Tianjin and Hebei aiming at rapid expansion of its retail network. As at 31st March, 2005, the retail network of the Group and its associated companies consisted of a total of 468 stores (excluding stores owned by Beijing Chao Shifa Company Limited ("Chao Shifa")), comprising 9 hypermarkets, 46 supermarkets, 405 convenience stores and 8 chain drug stores which were either directly owned or operated and managed by the Group and its associated companies through franchise arrangements or various management agreements.

Stores directly owned or franchised by the Group and its associated companies:

	As of 31st March, 2005	As of 31st March, 2004	Region
Hypermarkets	8	3	Beijing, Tianjin
Supermarkets (Note 1)	40	24	Beijing, Tianjin, Hebei
Convenience stores			
Direct ownership (Note 2)	135	125	Beijing
Franchise (Note 3)	233	196	Beijing
Drug stores	8	8	Beijing
Total	424	356	

Stores operated and managed by the Group under various management agreements ("Managed Stores"):

	As of 31st March, 2005	As of 31st March, 2004	Region
Hypermarkets	1	1	Beijing
Supermarkets	6	2	Hebei, Tianjin
Convenience stores	37	30	Beijing, Tianjin
Total	44	33	

Notes:

1. Comprised 39 stores directly owned by the Group and 1 store owned through an associated company on 31st March, 2005.
2. Comprised 126 stores directly owned by the Group and 9 stores owned through an associated company on 31st March, 2005.
3. Franchised stores refer to outlets operated and managed by the Group through various franchise arrangements entered into with independent third parties.

Post-Balance sheet event

On 9th May, 2005, the Company entered into a supplemental agreement (the "Supplemental Agreement") with Beijing Chao Shifa State-owned Asset Management Company ("CSSAM" or 北京超市發國有資產經營公司) further to a trust agreement dated 21st April, 2004 (Details of which are set out in the Company's announcement dated 5th May, 2004 — MAJOR TRANSACTION ACQUISITION OF SHARES IN BEIJING CHAO SHIFA COMPANY LIMITED AND RESUMPTION OF TRADING). Pursuant to the supplemental agreement, the Company is allowed to extend the expiry date of the trust period for the Company as trustee for CSSAM to hold 34.77% of the issued share capital (the "Trust Shares") of Beijing Chao Shifa Company Limited ("Chao Shifa") from 22nd April, 2005 to 31st December, 2008. The Company will continue to exercise the relevant rights under the Trust Shares. In order to facilitate orderly operations of Chao Shifa, the Company shall continue the pledged deposit in respect of a bank loan amounting to RMB100,000,000 granted to Chao Shifa. The period of pledge shall expire on 22nd April, 2006.

Hypermarkets

During the period under review, the Group added 3 new hypermarkets in Beijing with significant business potential. As at 31st March, 2005, the Group owned and/or operated 9 hypermarkets, whose total net saleable area has increased to 59,915 sq.m.

The Group standardised its merchandise stocktake procedures, making it simpler and easier to check the overall merchandise stock position during the period under review. The Group has also dissimilated the store management standards down to staff position so that the daily store management is further standardised.

During the period under review, the Group amended the "Merchandise Returns Policy of Customers" which allows customers to return their merchandise to any of the Group's hypermarket. They are not bound to return to where they have bought their merchandise. Such measures not only greatly facilitate our customers returns of merchandise but also enhance their satisfaction with our services. The Group has also installed the on-location tests of pesticide present in vegetables which not only upgraded merchandise quality and increased customer satisfaction, but also enhanced the image of "Wumart" brand.

The Group organised a number of promotional activities during the Chinese New Year period including “Lunar New Year Special (新年專刊)”, “Lunar New Year’s Eve Sincerity (臘月暖愛情)”, “Festive Shopping (年貨滿條街)”, “Festive Offerings (團圓拜訪好送禮)”, “Lantern Festival (元宵節)” which increased the sales of hypermarkets.

Supermarkets

During the period under review, the Group added 14 new supermarkets and closed 1 store. As at 31st March, 2005, the Group owned and/or managed 46 supermarkets with a total net saleable area of 88,854 sq.m.

During the period under review, the Group strengthened its supervision over store operating merchandise management by amending the integrated inspection standards and directing training in new standards for store staff which made the inspection standards more practicable, the store management more standardized and operating efficiency more desirable.

The Group launched series of promotional activities during the Chinese New Year period and on the Lantern Festival, namely “Year of the Rooster 1: Red Beginning of the Year (金鷄報曉1開門紅)”, “Year of the Rooster 2: Festive Food for Lunar New Year’s Eve (金鷄報曉2五谷豐登過臘八)”, “Year of the Rooster 3: Happy Shopping (金鷄報曉3歡天喜地辦年貨)”, “Year of the Rooster 4: Kung Hei Fat Choy (金鷄報曉4恭賀新禧過大年)” and “Year of the Rooster 5: Lantern Festival Special (金鷄報曉5鬧元宵)” and on the Ladies Day of 8th March, namely the “Ladies’ Favourite (最懂女人心)”, as a result of which the average transaction value and comparable store sales increased.

During the Chinese New Year period, store managers visited the communities surrounding their stores, launched the “Community Benefits” activities and gave away rice to almost 2,000 poverty-stricken households during the Chinese New Year’s Eve period, which was acclaimed by local residents and community associations.

Convenience stores

During the period under review, the Group opened 3 and closed 2 directly-owned stores, and opened 3 and closed 5 franchised stores. As at 31st March, 2005, the Group owned and/or operated a total of 405 convenience stores, whose total net saleable area (excluding franchised stores) has increased to 35,386 sq.m.

The Group organised various promotional activities during the Chinese New Year period and on the Lantern's Festival, namely "Golden Eggs: Festive Surprise (新年新驚喜, 金蛋送給你)", "Gifts from Wumart (物美送寶千萬家, 金鷄報喜送大禮)" and in particular on the Ladies Day or 8th March where a total of 10 "Wumart Good Cooks (物美巧手)" were elected, with active participation by the community residents. The above activities gave the "Wumart" brand comprehensive marketing and promotions in various major communities.

Business prospects

Over the past four years, the supermarket chains of China has been growing at an accelerated pace exceeding 20% per annum, well above the 10% growth rate of the national gross retail sales of consumer goods. In the first quarter of 2005, China continued to enjoy steady economic growth. The continued growth and promising prospects of the China economy and its retail market have brought about enormous growth potential and opportunities to support the rapid development of retail players. With the full scale opening up of the retail sector pursuant to China's commitment for its accession to the WTO, global leaders in the retail industry have stepped up their investments, further intensifying competition in the domestic retail industry.

As a pioneer and leader of the Beijing chained supermarket sector, the Group will adhere to its regional development strategy by fortifying its competitive strengths in Beijing and its surrounding areas. Given the sound scale of operations of the Company, 2005 will be a year of solid foundation upon which the Company will rely to reap further growth in the next decade. The Company will take a two-prong approach striving both pragmatism and rapid business growth. Management standards and operational processes will be upgraded to refine our basic operational techniques so that core competence of the Company can be enhanced. Our delivery and logistics operations will be further integrated and strategic partnership with suppliers will be forged to build long-term steady relationships

accommodating mutual benefits for an enhancement in supply chain management and performance. In addition, the information system of the Company will be relied upon in reducing operation costs and enhancing management efficiency to make the Company a responsive market player with focused management. The solid foundation and sound core strengths will be instrumental in ensuring the sustainable steady growth of the Company and fortifying its absolute competitive advantage in the retail chain industry in Beijing.

The Board and I would like to express our heartfelt thanks to our shareholders, loyal customers and suppliers for their ongoing support. Thanks are also due to the staff for their dedication and contribution.

Wumart Stores, Inc.

Dr. Zhang Wen-Zhong

Chairman

Beijing, the PRC

9th May, 2005

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors, namely, Mr. Han Ying, Mr. Li Lu-an and Mr. Lu Jiang, with Mr. Han Ying being the chairman. The Company has in compliance with GEM Listing Rules 5.28 to 5.33 convened the fifth meeting of the audit committee on 9th May, 2005, during which members of the audit committee and senior management reviewed the accounting principles and methods adopted by the Group and discussed, inter alia, matters relating to internal controls and financial reporting, including a review of the financial statements of the Company prepared in accordance with the general accepted accounting principles of Hong Kong.

REMUNERATION COMMITTEE

The remuneration committee was established by a resolution of the twenty-seventh meeting of the first board of directors convened on 1st March, 2005. Dr. Wu Jian-zhong, an executive director, and Mr. Han Ying and Mr. Li Lu-an, both independent non-executive directors, were appointed members of the remuneration committee, with Dr. Wu Jian-zhong being the chairman.

The remuneration committee has performed its duties in compliance with the provisions set out under B.1.3 of the Code on Corporate Governance Practices, Appendix 15 to GEM Listing Rules.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures set out in GEM Listing Rules 5.34 to 5.45.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2005, the interests of the Directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or required to be notified to the Company and the Stock Exchange in accordance with Rule 5.52 of the GEM Listing Rules, were as follows:

Long positions in the domestic shares of the Company

Director's name	Number of Domestic Shares held	Approximate percentage of total issued domestic share capital interest (%)	Type of interest
Dr. Zhang Wen-zhong (張文中博士) (Note 1)	124,483,232	69.76	Interest of controlled corporation
Dr. Zhang Wen-zhong (張文中博士) (Note 2)	6,245,575	3.50	Interest of controlled corporation
Dr. Wu Jian-zhong (吳堅忠博士) (Note 3)	124,483,232	69.76	Interest of controlled corporation
Dr. Wu Jian-zhong (吳堅忠博士) (Note 4)	6,245,575	3.50	Interest of controlled corporation
Dr. Wu Jian-zhong (吳堅忠博士) (Note 5)	40,114,436	22.48	Interest of controlled corporation
Dr. Meng Jin-xian (蒙進疆博士) (Note 6)	5,817,307	3.26	Interest of controlled corporation
Dr. Meng Jin-xian (蒙進疆博士) (Note 6)	6,245,575	3.50	Interest of controlled corporation
Mr. Wang Jian-ping (王堅平先生) (Note 7)	124,483,232	69.76	Interest of controlled corporation
Mr. Wang Jian-ping (王堅平先生) (Note 8)	6,245,575	3.50	Interest of controlled corporation
Mr. Wang Jian-ping (王堅平先生) (Note 8)	5,817,307	3.26	Interest of controlled corporation

Notes:

1. The 124,483,232 domestic shares are held by Wumei Holdings, Inc. (北京物美投資集團有限公司) ("Wumei Holdings"), one of the promoters of the Company, which is directly and indirectly owned by Beijing CAST Technology Investment Company Limited (北京卡斯特科技投資有限公司) ("CAST Technology Investment") as to 70% and as to 7.22% of its share capital, respectively. CAST Technology Investment is directly and indirectly owned by Beijing Zhongsheng Huate Technology Company Limited (北京中勝華特科技有限公司) ("Zhongsheng Huate") and Jingxi Guigu as to 20% and as to 80% of its share capital, respectively. Dr. Zhang Wen-zhong holds 60% and 85% of the share capital of Zhongsheng Huate and Jingxi Guigu, respectively.
2. The 6,245,575 domestic shares are held by Beijing Hekang Youlian Technology Company Limited (北京和康友聯技術有限公司) ("Hekang Youlian"), one of the promoters of the Company, which is directly owned by CAST Technology Investment as to 50% of its share capital. For details of Dr. Zhang Wen-zhong's interest in CAST Technology Investment, please refer to note 1 above.
3. Dr. Wu Jian-zhong holds 25% of the share capital of Zhongsheng Huate, which has an indirect interest in the 124,483,232 domestic shares directly held by Wumei Holdings. For details, please refer to note 1 above.
4. Dr. Wu Jian-zhong holds 25% of the share capital of Zhongsheng Huate, which has an indirect interest in the 6,245,575 domestic shares directly held by Hekang Youlian. For details, please refer to note 2 above.
5. Dr. Wu Jian-zhong holds 70% of the share capital of Beijing Wangshang Shijie E-business Company Limited (北京網商世界電子商務有限公司) ("Wangshang Shijie E-business"), one of the promoters of the Company, which has a direct interest in the 40,114,436 domestic shares of the Company.
6. Dr. Meng Jin-xian holds 40% of the share capital of Beijing Junhe Investment Company Limited (北京君合投資有限公司) ("Junhe Investment"), one of the promoters of the Company, which has a direct interest in the 5,817,307 domestic shares of the Company. Junhe Investment also holds 50% of the share capital of Hekang Youlian, which has a direct interest in the 6,245,575 domestic shares of the Company.
7. Mr. Wang Jian-ping holds 5% of the share capital of Jingxi Guigu, which has an indirect interest in the 124,483,232 domestic shares directly held by Wumei Holdings. For details, please refer to note 1 above.
8. Mr. Wang Jian-ping holds 30% of the share capital of Junhe Investment, one of the promoters of the Company, which has a direct interest in the 5,817,307 domestic shares of the Company. Junhe Investment also holds 50% of the share capital of Hekang Youlian, which has a direct interest in the 6,245,575 domestic shares of the Company.

Save as disclosed above, to the best knowledge of the Directors, as at 31st March, 2005, none of the Directors, supervisors, chief executives of the Company or their respective associates had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) 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 Rules 5.52 of the GEM Listing Rules.

As at 31st March, 2005, none of the Company, any of its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangement which enables the directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2005, as recorded in the register required to be kept pursuant to section 336 of the SFO, the interests of every person (other than a director, supervisor or chief executive of the Company) in the shares and underlying shares of the Company were as follows:

Long positions in the domestic shares of the Company

Name	Number of Domestic Shares held	Approximate percentage of total domestic share capital (%)
Dr. Zhang Wen-zhong (Note 1)	124,483,232	69.76
Dr. Wu Jian-zhong (Note 2)	40,114,436	24.48
Jingxi Guigu (Note 1)	124,483,232	69.76
CAST Technology Investment (Note 1)	124,483,232	69.76
Wumei Holdings (Note 1)	124,483,232	69.76
Wangshang Shijie E-business (Note 2)	40,114,436	22.48
Dr. Meng Jin-xian (Note 3)	12,062,882	6.76

Notes:

- (1) Jingxi Guigu is owned as to 85% by Dr. Zhang Wen-zhong, and therefore Dr. Zhang Wen-zhong is entitled to control the exercise of one-third or more of the voting power at general meetings of Jingxi Guigu. CAST Technology Investment is owned as to 80% by Jingxi Guigu, and therefore Jingxi Guigu is entitled to control the exercise of one-third or more of the voting power at general meetings of CAST Technology Investment. Wumei Holdings is owned as to 70% by CAST Technology Investment, and therefore CAST Technology Investment is entitled to control the exercise of one-third or more of the voting power at general meetings of Wumei Holdings. Each of Dr. Zhang Wen-zhong, Jingxi Guigu and CAST Technology Investment is therefore deemed, by virtue of Part XV of the SFO, to be interested in the shares held by Wumei Holdings.
- (2) Wangshang Shijie E-business is owned as to 70% by Dr. Wu Jian-zhong, and therefore Dr. Wu Jian-zhong is entitled to control the exercise of one-third or more of the voting power at general meetings of Wangshang Shijie E-business. Dr. Wu Jian-zhong is therefore deemed, by virtue of Part XV of the SFO, to be interested in the shares held by Wangshang Shijie E-business.
- (3) Junhe Investment is owned as to 40% by Dr. Meng Jing-xian, and therefore Dr. Meng Jing-xian is entitled to control the exercise of one-third or more of the voting power at general meetings of Junhe Investment. 5,817,307 domestic shares are owned by Junhe Investment. Hekang Youlian is owned as to 50% by Junhe Investment, and therefore Junhe Investment is entitled to control the exercise of one-third or more of the voting power at general meetings of Hekang Youlian. 6,245,575 domestic shares are owned by Hekang Youlian. Dr. Meng Jin-xian is therefore deemed, by virtue of Part XV of the SFO, to be interested in the shares held by Junhe Investment and Hekang Youlian.

Long positions in the H shares of the Company

Name	Number of H Shares held	Approximate percentage of total issued H share capital (%)
The Capital Group Companies, Inc. (Note 1)	12,623,000	11.96
JPMorgan Chase & Co. (Note 2)	10,644,000	10.09
Morgan Stanley (Note 3)	9,766,000	9.25
Fidelity International Limited (Note 4)	7,352,000	6.97

Notes:

1. These 12,623,000 H Shares are held by The Capital Group Companies, Inc. in its capacity as an investment manager.
2. 530,000 H Shares are held by JPMorgan Chase & Co. in its capacity as an investment manager and 10,114,000 H Shares in its capacity as a custodian corporation/approved lending agent.
3. The interest of these 9,766,000 H Shares are deemed, by virtue of the SFO, to be indirectly held by Morgan Stanley through controlled corporations.
4. These 7,352,000 H Shares are held by Fidelity International Limited in its capacity as an investment manager.

SPONSOR'S INTERESTS

The Company was informed by Cazenove Asia Limited, the Company's sponsor, that neither Cazenove Asia Limited nor any of its respective directors or employees or associates (as stated in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the share capital of the Company as at 31st March, 2005.

Pursuant to the sponsor agreement entered into between the Company and Cazenove Asia Limited on 10th November, 2003, Cazenove Asia Limited has been appointed as the sponsor of the Company for the remaining period for the year ended 31st December, 2003 and for the two years from 1st January, 2004. The Company shall pay to Cazenove Asia Limited an agreed amount of fees for the services to be rendered.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

Wumei Holdings is the controlling shareholder and one of the management shareholders of the Group.

In line with its business objectives, the Group will implement its expansion plan first in Beijing and peripheral areas, then the northern region and followed by the eastern region of the PRC and ultimately across other regions of the PRC. On 29th October, 2003, the Group entered into the non-competition agreement, the management agreement, the trademark licensing agreement and the letter of undertaking (please see Prospectus for details) with Wumei Holdings with a view to avoiding business competition with Wumei Holdings. Since then, Wumei Holdings has operated in strict compliance with the aforementioned agreements in order to avoid business competition with the Company to the fullest extent. Save and except for the competing businesses disclosed in the Prospectus, Wumei Holdings did not engage in any direct or indirect competition against the Company, nor did it have any interest in any of such businesses during the period under review.

Pursuant to the Acquisition Agreement dated 29th October, 2003 between Wumei Holdings and Beijing Wumart Pujinda Convenience Stores Company Limited ("Beijing Pujinda"), details of which are set out in the Prospectus, the Company was required to enter into a separate conditional transfer agreement (the "Pujinda Transfer Agreement") with Beijing Pujinda by 31st December, 2004. Due to the absence of proper legal titles to the relevant stores, a supplemental agreement was entered into between the Company, Wumei Holdings and Beijing Pujinda on 12th November, 2004 to amend terms of the Acquisition Agreement so that the deadline for entering into the Pujinda Transfer Agreement will be postponed to 31st December, 2006 (for details please refer to the Company's announcement dated 12th November, 2004 (Delay in acquisition of interest in Beijing Wumart Pujinda Convenience Stores Company Limited, continuing connected transactions and refreshment of general mandate before next annual general meeting)).

The Directors confirm that Wumei Holdings is in active pursuit of resolving the problem by processing the procedure regarding the property of Beijing Pujinda. During the period under review, the Group did not exercise the right to acquiring Beijing Pujinda.

By order of the Board
Wumart Stores, Inc.
Zhang Wen-zhong
Chairman

Beijing, PRC
9th May, 2005