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FIRST QUARTERLY REPORT 2008

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)

Stock Code : 8277

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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 of the Stock Exchange (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 aspects and that the contents are 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 (UNAUDITED)

Comparison of the results for the first quarter of 2008 with the corresponding period of 2007

	Change	For the three months ended 31 March **2008** **RMB'000**	 2007 RMB'000
Total revenue[Note 1]	18.3%	**2,469,213**	2,086,676
Consolidated gross profit[Note 2]	30.8%	**406,419**	310,636
EBITDA	31.0%	**195,951**	149,567
EBIT	31.0%	**163,099**	124,552
Net profit	32.7%	**103,513**	78,004
Earnings per share[Note 3] — basic and diluted	32.7%	**RMB0.08**	RMB0.06

- Comparable store[Note 4] sales grew by 14.1%.
- Total number of stores amounted to 407.
- As at 31 March 2008, the Group had net assets of approximately RMB2,213,718,000 in aggregate.
- For the three months ended 31 March 2008, the Group's inventory turnover was 22 days, and creditor turnover was 71 days.

Note 1: Total revenue includes revenue and other revenue.

Note 2: Consolidated gross profit is the difference between the total revenue and the cost of sales.

Note 3: The nominal value of the Company's shares is RMB0.25 each.

Note 4: Stores that have been operating in both the first quarter of 2008 and the first quarter of 2007.

CHAIRMAN'S STATEMENT

I am pleased to present the unaudited results of Wumart Stores, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2008 (the "Reporting Period").

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately RMB2,469,213,000, up by approximately 18.3% as compared with the corresponding period of the previous year. Excluding the sales at cost to managed and franchised stores and associated companies, total revenue would have risen by approximately 24.6% as compared with the corresponding period of the previous year. The growth in total revenue was mainly derived from the increase in comparable store sales, sales of new stores opened in 2007, and year-on-year growth in services income from suppliers and rental income. Apart from an escalation of prices of certain food products, an increase in comparable store sales was primarily attributable to enhancement of merchandise category management, adjustment of merchandise structure, optimization of pricing policies, and improvement in services quality, resulting in a higher recognition of the "Wumart" brand and a growth in number of transactions and average transaction amount per customer.

During the Reporting Period, the Group's consolidated gross profit amounted to approximately RMB406,419,000, representing a growth of approximately 30.8% as compared with the corresponding period of the previous year. The Group's consolidated gross margin (excluding the sales at cost to managed and franchised stores and associated companies) was approximately 17.6%, representing an increase of approximately 0.8 percentage points as compared with the corresponding period of the previous year. An increase in consolidated gross margin was primarily attributable to the continuous optimization of supplier network and the reduction of unit merchandise costs as a result of economies of scale attained through centralized procurement. With a surge in prices of certain food products, the Group, as the largest retailer in Beijing, had to maintain its own profit level, while bearing social responsibilities of stabilizing the market. In particular, reasonable selection on promotional items and implementation of pricing strategies during the Chinese New Year led to maintenance of gross profit, and also reflected further improvements in the Group's operating capabilities.

During the Reporting Period, the Group's net profit was approximately RMB103,513,000, representing a growth of approximately 32.7% as compared with the corresponding period of the previous year. The rise in net profit was primarily due to the growth in consolidated gross profit and share of profit of associates and joint venture, with profit contribution from Beijing Chao Shifa Company Limited ("Chao Shifa") increasing substantially over the corresponding period of the previous year and Beijing Aoshikai Wumart Company Ltd. (北京奧士凱物美商業有限公司), a joint venture, recording a profit for the first time. A reduction in enterprise income tax rate was another reason for the increase in net profit.

During the Reporting Period, administrative expenses and selling and distribution expenses amounted to approximately RMB46,801,000 and RMB234,543,000, representing approximately 1.9% and 9.5% of the total revenue, respectively (2007: the amounts were approximately RMB46,746,000 and RMB172,298,000, respectively, representing approximately 2.2% and 8.3% of the total revenue, respectively). A rise in selling and distribution expenses was mainly due to the opening of new stores, resulting in increases in employee costs, utility expenses and promotion costs.

During the Reporting Period, the Group's net profit margin was approximately 4.2%. Excluding merchandise sales at cost to managed and franchised stores and associated companies, net profit margin would have grown to approximately 4.5%, representing an increase of approximately 0.3 percentage points as compared with 4.2% recorded in the corresponding period of the previous year.

For the three months ended 31 March 2008, the Group recorded earnings per share of approximately RMB0.08, which was calculated on the basis of 1,220,348,000 shares outstanding, up by about 32.7% as compared with approximately RMB0.06 for the corresponding period of 2007.

QUARTERLY RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited results of the Group for the three months ended 31 March 2008 together with the comparative unaudited consolidated figures for the three months ended 31 March 2007:

		For the three months ended 31 March	
	Note	**2008** **RMB'000** **(unaudited)**	2007 RMB'000 (unaudited)
Total revenue	2	**2,469,213**	2,086,676
Cost of sales		**(2,062,794)**	(1,776,040)
Consolidated gross profit		**406,419**	310,636
Other income		**20,478**	21,420
Selling and distribution expenses		**(234,543)**	(172,298)
Administrative expenses		**(46,801)**	(46,746)
Finance costs		**(5,567)**	(2,691)
Share of profit of associates / joint venture		**17,546**	11,540
Profit before tax	3	**157,532**	121,861
Income tax expenses	4	**(34,793)**	(36,455)
Profit for the period		**122,739**	85,406
Attributable to:			
Equity holders of the Company		**103,513**	78,004
Minority interests		**19,226**	7,402
		122,739	85,406
Earnings per share — basic and diluted	6	**RMB0.08**	RMB0.06

Notes:

1. BASIS OF PRESENTATION

The Company was incorporated in the People's Republic of China (the "PRC") as a limited company on 9 August 2000 and then transformed into a joint stock limited company in accordance with the PRC Company Law on 5 December 2002. After the initial public offering, the Company's H shares were listed on GEM of the Stock Exchange on 21 November 2003.

Currently, the nominal value of the Company's shares is RMB0.25 per share.

The financial statements for the Reporting Period have been prepared under the historical cost convention, except for revaluation adjustment of investments in securities.

The accounting policies adopted in the financial statements for the Reporting Period, are consistent with those adopted in the preparation of the Group's financial statements for the year ended 31 December 2007.

In 2007, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's accounting period beginning on or after 1 January 2007. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new HKFRSs will have no material impact on the consolidated financial statements of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKAS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions[3]
HK(IFRIC) — Int 12	Service Concession Arrangements[4]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 March 2007.
[4] Effective for annual periods beginning on or after 1 January 2008.
[5] Effective for annual periods beginning on or after 1 July 2008.

2. TOTAL REVENUE

The Group is principally engaged in the operation and management of superstores and mini-marts in Beijing, Tianjin and Hebei Province. Total revenue recognized for the three months ended 31 March 2008 was as follows:

	For the three months ended 31 March	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of merchandise	**2,241,237**	1,926,705
Rental income from leasing of shop premises	**64,710**	49,943
Income from suppliers, including store display income and promotion income	**180,410**	122,664
	2,486,357	2,099,312
Business taxes and other government surcharges	**(17,144)**	(12,636)
	2,469,213	2,086,676

3. CONSOLIDATED INCOME / EXPENSES FOR THE PERIOD

Consolidated profit for the period has been arrived at after charging (crediting) the following items:

	For the three months ended 31 March	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation and amortization	**32,852**	25,015
Interest income	**(1,401)**	(2,526)
Operating lease rentals in respect of land and property leases	**66,997**	56,988
Salaries and employees' benefits	**77,738**	50,021

4. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The charge comprises:		
PRC income tax	**34,793**	36,455

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

	For the three months ended 31 March	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before tax	**157,532**	121,861
Tax at domestic income tax rate of 25% (2007: 33%)	**39,383**	40,214
Tax effect of share of profit of associates / joint venture	**(4,387)**	(3,808)
Tax effect of deductible items in determining taxable profit	**(203)**	49
Income tax expenses	**34,793**	36,455

Note: Since 1 January 2008, PRC income tax is calculated at 25% of the estimated taxable profit for the period. No provision for Hong Kong profits tax has been made as the Group's income is not arising in or derived from Hong Kong.

5. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2008 (Three months ended 31 March 2007: Nil).

The Board has recommended the payment of a final dividend of RMB0.13 per share (inclusive of tax) for the year 2007, pending approval at the annual general meeting.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	For the three months ended 31 March	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period attributable to equity holders of the Company	**103,513**	78,004
Number of shares:	**'000**	'000
Weighted average number of shares for the purposes of basic earnings per share	**1,220,348**	1,220,348

No difference between basic and diluted earnings per share exists as the Company did not have any potential ordinary shares outstanding during both years.

7. RESERVES

Movements in the Group's reserves during the three months ended 31 March 2008 were as follows:

	For the three months ended 31 March				
	2008				2007
	Share premium	**Statutory common reserve fund**	**Accumulated profits**	**Total**	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	(unaudited)
As at 1 January	**1,132,062**	**139,488**	**533,568**	**1,805,118**	1,590,464
Profit for the three months ended 31 March	**–**	**–**	**103,513**	**103,513**	78,004
As at 31 March	**1,132,062**	**139,488**	**637,081**	**1,908,631**	1,668,468

BUSINESS REVIEW

Expansion of Retail Network

The Group adhered to its regional development strategy, and expanded its retail network through organic growth and merger and acquisitions. As at 31 March 2008, the Group, its associates and a joint venture directly owned, and by entering into franchise agreements or management agreements, operated and managed a retail network of 407 stores, including 91 superstores and 316 mini-marts. The Group had an aggregate saleable area of 379,181 square metres, excluding the stores under associates and franchised stores.

During the Reporting Period, the Group opened 2 directly-owned superstores and 2 directly-owned mini-marts. In addition, the Group closed down 1 directly-owned superstores and 15 directly-owned mini-marts which were loss-making, and terminated the cooperation with 28 franchised stores that failed to meet our franchise standards.

Stores, which were directly owned by the Group, its associates and joint venture or operated through franchise agreements, were as follows:

	As at 31 March 2008	
	Number of stores	**Geographical distribution**
Superstores		
Direct ownership	78	Beijing, Hebei, Tianjin, Yinchuan
Franchise	1	Yinchuan
Mini-marts		
Direct ownership	127	Beijing, Yinchuan
Franchise	147	Beijing
Total(Note)	353	

Stores operated and managed by the Group through various management agreements (the "Managed Stores") were as follows:

	As at 31 March 2008	
	Number of stores	Geographical distribution
Superstores	12	Hebei, Tianjin
Mini-marts	42	Beijing, Tianjin
Total[(Note)]	54	

Note: The total number excluded stores under Chao Shifa.

Category Management

During the Reporting Period, based on store groupings by format according to the operation mode of SAP, target customer groups have been determined for different store groupings, and the categories, procurement and structure of merchandise and operation methods were adjusted accordingly. In addition, the Group determined pricing strategies of general merchandise and merchandise sensitive to changes in price for each store grouping, resulting in increases in sales and gross profit. During the Reporting Period, the Group formulated the key categories optimization plan for the year 2008, which covers 23 key assortments and over 4,100 products. This optimization plan will also cover superstores.

Store Optimization

During the Reporting Period, the Group determined higher receiving standards and revised displaying requirements of fresh food and seafood merchandise at superstores, resulting in increases in both revenue and gross profit. According to consumption demands of customer segments, the Company optimized and improved the merchandise mix of cut pork products, thereby providing more convenient product offering to customers.

Through using barcodes, the stores strictly monitored information in respect of 69 products under 9 divisions from food to home appliances and established a tracking system for quality of merchandise and food safety at each stage of production and sales. This system aims at providing safety guarantee of the merchandise to customers.

With an aim to provide better customer services, the Company installed transportation smart cards payment devices at the superstores. With these devices, customers are provided with more payment methods when shopping at the stores, and can enjoy better and more flexible services, thereby increasing the customer flow.

In order to enhance front-line operational and management capabilities of management staff at stores, the Company organized three training sessions in respect of fresh food operations during the Reporting Period. Each session lasted for 4 days, during which supervisors and managers of fresh food division, store managers and district managers were assigned to take up front-line work of fresh food operations. Through these training programs, managers gathered first hand information in respect of front-line operations of fresh food division, and collected feedback on the sales of fresh food from customers, thereby laying a sound foundation for enhancing the basic tasks at stores.

Optimization of Supplier Network

During the Reporting Period, the Group emphasized on the negotiation of annual contracts with suppliers, continuously optimized supplier structure, established business relationship with qualified new suppliers, actively cooperated with manufactures and reduced number of intermediate operations. During the Reporting Period, the number of suppliers was down by approximately 28% as compared with that at the end of 2007.

Marketing Optimization

During the Reporting Period, the Group focused on reviewing the business coverage of each store and delivery of promotional leaflets, set the business coverage of each store, checked the number of leaflets delivered, and standardized the frequency of free shuttle buses connecting our stores for effective marketing purpose and convenience to customers.

While adjusting number of leaflets delivered, the Group enhanced our promotional efforts, especially on discounted items, and strived to ensure our edges in prices of promotional items. Number of promotional campaigns with specific themes was increased during each period, and the offering of a comprehensive and new range of merchandise during the promotional period was guaranteed. The Group also set clear requirements for layout of stores to cope with promotional campaigns with specific themes in an effective manner. The above adjustments achieved obvious results, and number of customers increased substantially.

Our stores launched promotional campaigns for obsolete navel oranges from south Jiangxi, a region affected by snowstorm. Over 100 tons of navel oranges from south Jiangxi were sold by the Group, which was one of the concrete efforts supporting relief work in regions affected by snowstorm, and also demonstrated the capacity of the store network in Beijing.

WINBOX@SAP

During the Reporting Period, the Group proceeded with the WINBOX@SAP project in full extent strictly according to the SAP methodology and pre-determined go-live strategies. The Group successfully completed four system switches, including go-live processes for testing stores and DC located in Beijing on 1 January 2008; go-live processes for new POS system of Retalix for testing stores on 15 January 2008; switching adjustments made to bread category on 1 February 2008; and go-live processes for 27 superstores located in Beijing on 1 March 2008. The Group completely integrated SAP and Retalix, which established a firm foundation for large-scale promotion of new POS in the future. At the same time, we systematized the data and upgraded the network for the remaining stores. We also launched the SAP EHR module, of which the go-live is expected to be completed in the second half of 2008. During the whole go-live process of SAP, the Group successfully achieved the objective of "Successful Go-live, Sustained Performance". While completing the go-live processes successfully, the Group also recorded satisfactory growth, in terms of both sales and gross profit.

Process Optimization

According to the design of the WINBOX system, the Company continued with process reengineering work with an aim to attain simplified and effective three-focus business management process of "centralized procurement/category optimization + demand forecasting driven supply chain + simplified store operation model". During the Reporting Period, WINBOX process team continued to amend, edit and optimize the (WM-ABC: 2008 Wumart Group Process Manual) (《WM-ABC: 2008物美集團作業流程手冊》), 17 processes were supplemented, such as WMG-A-02-10: 2008 authorization processes of Aoshikai Wumart V1.0, AC-B-08: 2008 vehicle management methods of Wumart Group headquarter V1.0, SS-B-01:2008 ordering processes of mini-marts V1.0, SS-B-03: 2008 receiving processes of mini-marts V1.0, SS-B-07: 2008 stock-taking process of mini-marts; another 22 processes were upgraded and optimized, such as HR-B-10: 2008 management methods on appraisal and leaves of Wumart Group V1.3. With the concurrent optimization of systems and processes, the Group believes that these measures could improve the professional levels and standards in respect of operation and management.

Human Resources

With an objective to develop a professional team and satisfy the demands of talents arising from business development, the Group continued with its human resources development plans, and at the same time recruited senior management and professionals. During the Reporting Period, the Group's Development and Training Institute organized 46 training sessions for 2,295 staff members, including 15 sessions in relation to go-live of SAP for 608 users. The Group launched The First 100 Division Manager Candidates Program (第一期儲備課長百人計劃培訓), with 102 employees passed written examinations and entered into the selection stage. In addition, the Group also commenced the third butchers training program, through which 7 qualified butchers were trained, and these employees would continue to execute an assessment scheme for processors of fresh food at stores. During the Reporting Period, we recruited 21 senior management and operational staff members. The Group entered into an internship agreement with Luohe Vocational Training Institute, pursuant to which more than 400 interns were provided with training.

2008 is a year for Beijing to host the Olympic Game. The Group launched a competition with a focus on "Strive for Better Results, Management and Skills", in response to the theme of "Window Industries in Beijing Welcome the Olympics". Through this campaign, basic skills of employees at stores and level of services were improved, and sound results were attained.

Prospect

The PRC economy has continued to develop at a quick pace, with year-on-year growth in GDP of 10.6% during the first quarter. With the fast development in economy, continuous improvement in general consumption environment and policies, the consumer market will further develop into one with characteristics of diversity, tailor-made to individual, and dominated by famous brands in the future. These features represent golden opportunities for development of retail industry. The Company will continuously adhere to its regional development strategies, speed up the selection process of premises for new stores and emphasize on merger and acquisition. In addition, we will close down stores that have recorded continuous losses, and terminate cooperation with franchised stores that fail to meet our requirements. With continuous adjustment and optimization of merchandise structure and enhancement of resources integration with acquired corporations, the Group will leverage on its own advantages and those of acquired companies, obtain business synergies, strengthen regional advantages, and maintain a continuous and steady growth in operating results.

Members of the Board have confidence that the Group's results will maintain a continuous and steady growth. The Board would like to express our deep gratitude to the shareholders of the Company, loyal customers and suppliers for their constant support and to express our appreciation to all employees for their hard work and devoted efforts.

Subsequent Events

On 23 January 2008, the Company and Wumei Holdings, Inc. ("Wumei Holdings") entered into the Equity Transfer Agreement in respect of the acquisition of the entire equity in Hangzhou Tiantian Wumart Commerce Company Limited ("Hangzhou Commerce") held by Wumei Holdings, with the consideration payable by means of the Company's holding of 29.27% of the shares in Yinchuan Xinhua Department Store Company Limited. The Acquisition had been approved by a general meeting of the Company on 8 April 2008. Hangzhou Commerce completed its change of industrial and commercial registration on 29 April 2008.

Audit Committee

The audit committee of the Company comprises the three independent non-executive Directors, Mr. Han Ying, Mr. Li Lu-an and Mr. Lv Jiang with Mr. Han Ying being the Chairman of the audit committee. During the Reporting Period, the Company held one audit committee meeting. The members of the audit committee had reviewed with the senior management of the Group the accounting principles and practices adopted by the Group, and discussed issues such as internal control and financial reporting, including the review of the Company's financial statements prepared in accordance with the generally accepted accounting principles in Hong Kong. The audit committee also reviewed the audit work in 2007 with the Company's auditor, and sought for further perfection of corporate governance.

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

As at 31 March 2008, the interests or short positions 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 pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long Positions in the Domestic Shares of the Company

Name	Number of domestic shares held (Shares)	Approximate percentage of total issued domestic share capital (%)	Type of interests
Dr. Wu Jian-zhong (吳堅忠博士)(Note 1)	160,457,744	22.48	Interests of controlled corporation
Dr. Meng Jin-xian (蒙進暹博士)(Note 2)	23,269,228	3.26	Interests of controlled corporation
Dr. Meng Jin-xian (蒙進暹博士)(Note 2)	24,982,300	3.50	Interests of controlled corporation

Notes:

1. Dr. Wu Jian-zhong holds 70% of the share capital of Beijing Wangshang Shijie E-business Co., Ltd. (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 160,457,744 domestic shares of the Company. By virtue of Part XV of the SFO, Dr. Wu Jian-zhong is deemed to be interested in the shares of the Company held by Wangshang Shijie E-business.

2. Dr. Meng Jin-xian holds 40% of the share capital of Beijing Junhe Investment Co., Ltd. (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 23,269,228 domestic shares of the Company. Junhe Investment also holds 50% of the share capital of Beijing Hekang Youlian Technology Company Limited (北京和康友聯技術有限公司) ("Hekang Youlian"), which has a direct interest in the 24,982,300 domestic shares of the Company. By virtue of Part XV of the SFO, Dr. Meng Jin-xian is deemed to be interested in the shares of the Company held by Junhe Investment and Hekang Youlian.

Save as disclosed above, to the best knowledge of the Directors, as at 31 March 2008, none of the Directors, supervisors or chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

As at 31 March 2008, none of the Company, any of its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangement which enabled the Directors or supervisors of the Company to acquire benefits by acquiring shares in, or debentures of, the Company.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, the interests or short positions of persons, other than the Directors, supervisors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in domestic shares of the Company

Name	Number of domestic shares held (Shares)	Approximate percentage of total domestic share capital (%)
Dr. Zhang Wen-zhong (張文中博士)*(Note)*	497,932,928	69.76
Beijing Jingxi Guigu Technology Company Limited (北京京西硅谷科技有限公司) ("Jingxi Guigu")*(Note)*	497,932,928	69.76
Beijing CAST Technology Investment Company Limited (北京卡斯特科技投資有限公司) ("CAST Technology Investment")*(Note)*	497,932,928	69.76
Wumei Holdings*(Note)*	497,932,928	69.76
Wangshang Shijie E-business	160,457,744	22.48

Note: 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.

Long positions in the H shares of the Company

Name	Number of H shares held (Shares)	Approximate percentage of total H share capital (%)
Sansar Capital Management, LLC (Note 1)	67,661,000	13.36
Sansar Capital Master Fund, LP (Note 2)	67,661,000	13.36
Arisaig Greater China Fund Limited (Note 3)	52,572,000	10.38
Arisaig Partners (Mauritius) Limited (Note 4)	52,572,000	10.38
Cooper Lindsay William Ernest (Note 5)	52,572,000	10.38
Julius Baer Investment Management LLC (Note 6)	50,154,274	9.90
JPMorgan Chase & Co. (Note 7)	40,483,968	7.99
T. Rowe Price Associates, Inc. and its affiliates (Note 8)	36,402,000	7.19
Wellington Management Company, LLP (Note 9)	35,890,868	7.09
Julius Baer International Equity Fund (Note 10)	27,342,132	5.40

Notes:

1. These 67,661,000 H shares are held by Sansar Capital Management, LLC in its capacity as an investment manager.

2. These 67,661,000 H shares are held by Sansar Capital Master Fund, LP in its capacity as a beneficial owner.

3. These 52,572,000 H shares are held by Arisaig Greater China Fund Limited in its capacity as a beneficial owner.

4. These 52,572,000 H shares are held by Arisaig Partners (Mauritius) Limited in its capacity as an investment manager.

5. These 52,572,000 H shares are held by Cooper Lindsay William Ernest through his controlled corporation.

6. These 50,154,274 H shares are held by Julius Baer Investment Management LLC in its capacity as an investment manager.

7. These 40,483,968 H shares are held by JPMorgan Chase & Co. in its capacity as a trustee company/approved lending agent.

8. These 36,402,000 H shares are held by T. Rowe Price Associates, Inc. and its affiliates in its capacity as an investment manager.

9. These 35,890,868 H shares are held by Wellington Management Company, LLP in its capacity as an investment manager.

10. These 27,342,132 H shares are held by Julius Baer International Equity Fund in its capacity as an investment manager.

Save as disclosed above, no person has registered any interests or short positions in the shares or underlying shares of the Company that were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

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

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

COMPETING INTERESTS

Wumei Holdings is one of the controlling shareholders and management shareholders of the Company. The Company entered into the non-competition agreement and the trademark licensing agreement with Wumei Holdings on 29 October 2003, and Entrusted Operation and Management Agreements with Wumei Holdings and Tianjin Affiliates (see note) on 24 October 2007, with a view to avoiding business competition with Wumei Holdings. Wumei Holdings has operated in strict compliance with the non-competition agreement and Entrusted Operation and Management Agreements in order to avoid business competition with the Group to the fullest extent. Save and except for the competing businesses disclosed above, Wumei Holdings did not engage in any direct or indirect competition against the Group, nor did it have any interests.

Note: Tianjin Affiliates include: Tianjin Hedong Wumart Trading Co., Ltd. (天津河東物美商貿有限公司), Tianjin Hebei Wumart Convenience Stores Co., Ltd. (天津河北區物美便利超市有限公司), Tianjin Hezuo Wumart Trading Co., Ltd. (天津合作物美商貿有限公司), Tianjin Nankai Shidai Wumart Commerce Co., Ltd. (天津市南開區時代物美商貿有限公司), Tianjin Hongqiao Wumart Convenience Stores Co., Ltd. (天津虹橋物美便利超市有限公司) and Tianjin Wumart Huaxu Commerce Development Co., Ltd. (天津物美華旭商貿發展有限公司).

By Order of the Board
Wumart Stores, Inc.
Dr. Wu Jian-zhong
Chairman

Beijing, the PRC
13 May 2008