WU MART

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 : 1025

天天价廉 永远物美

1025

8277

INTERIM REPORT 2011

Contents

Company Information

BOARD OF DIRECTORS

Executive Directors

Dr. Wu Jian-zhong *(Chairman)*
Madam Xu Ying *(President)*
Dr. Meng Jin-xian
(Vice President)
Dr. Yu Jian-bo *(Vice President)*

Non-executive Directors

Mr. Wang Jian-ping
(Vice Chairman)
Mr. John Huan Zhao
Madam Ma Xue-zheng

Independent Non-executive Directors

Mr. Han Ying
Mr. Li Lu-an
Mr. Lu Jiang
Mr. Wang Jun-yan

SUPERVISORY COMMITTEE

Mr. Fan Kui-jie *(Chairman)*
Madam Xu Ning-chun
Mr. Zhang Zheng-yang

COMPANY SECRETARY

Madam Xie Dong

AUDIT COMMITTEE

Mr. Han Ying *(Chairman)*
Mr. Li Lu-an
Mr. Lu Jiang

REMUNERATION COMMITTEE

Mr. Li Lu-an *(Chairman)*
Mr. Han Ying
Madam Xu Ying

AUTHORIZED REPRESENTATIVES

Dr. Wu Jian-zhong
Madam Xie Dong

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

As to Hong Kong Law:
DLA Piper Hong Kong

As to PRC Law:
Haiwen & Partners

PRINCIPAL BANKERS

Industrial and Commercial
Bank of China
China Merchants Bank
China Minsheng Banking
Beijing Rural Commercial Bank
Bank of Hangzhou

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716
17/Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADDRESS IN CHINA

Room 5610
1 Shixingdong Street
Badachu HighTech
Park District
Shijingshan District
Beijing
The PRC

ADDRESS OF HEAD OFFICE

Wumart Commercial Building
158-1 West
4th Ring North Road
Haidian District
Beijing
P. R. China

PLACE OF BUSINESS IN HONG KONG

18th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

WEBSITE

www.wumart.com

STOCK CODE

01025

Highlights

	For the six months ended 30 June		
	2011	2010	Change
	RMB'000	RMB'000	
Total revenue *(Note 1)*	**7,989,531**	6,716,999	18.9%
Consolidated gross profit *(Note 2)*	**1,541,355**	1,282,669	20.2%
Net profit attributable to equity owners of the Company	**336,805**	280,361	20.1%
Earnings per share — basic (RMB yuan per share)	**0.26**	0.22	17.3%
Comparable store *(Note 3)* sales growth rate	**12.0%**	8.5%	3.5 percentage points

Note 1: Total revenue includes revenues and other revenues.

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

Note 3: The stores that had been operating on both 30 June 2011 and 30 June 2010.

Unaudited Interim Consolidated Financial Information

The board of directors (the "Board") is pleased to present the unaudited interim results of Wumart Stores, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2011 (the "Reporting Period").

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2011 and the corresponding period in 2010

		For the six months ended 30 June	
		2011	2010
	Notes	**RMB'000**	RMB'000
Revenue from sales of goods	4	**7,153,669**	6,031,422
Cost of sales		**(6,448,176)**	(5,434,330)
Gross profit		**705,493**	597,092
Other revenues	4	**835,862**	685,577
Investment and other income		**125,113**	81,621
Distribution and selling expenses		**(1,001,492)**	(813,271)
Administrative expenses		**(162,430)**	(128,998)
Share of profit of associates		**(1,058)**	949
Share of profit of a jointly controlled entity		**2,627**	2,772
Finance costs		**(8,615)**	(10,796)
Profit before tax		**495,500**	414,946
Income tax expense	5	**(135,819)**	(115,028)
Profit and total comprehensive income for the period	6	**359,681**	299,918
Profit and total comprehensive income for the period attributable to the following:			
Equity owners of the Company		**336,805**	280,361
Minority Interests		**22,876**	19,557
		359,681	299,918
Basic earnings per share (RMB yuan per share)	8	**0.26**	0.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2011

	Notes	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Non-current Assets			
Property, plant and equipment	9	**2,831,699**	2,459,556
Deposit for acquisition of property, plant and equipment		**—**	200,000
Prepaid lease payments		**99,417**	65,213
Goodwill	11	**844,964**	844,964
Intangible assets		**94,611**	103,711
Interests in associates	10	**143,211**	144,268
Interests in a jointly controlled entity	10	**102,578**	99,950
Deferred tax assets	16	**65,194**	65,194
		4,181,674	3,982,856
Current Assets			
Inventories		**967,708**	1,211,467
Trade and other receivables	12	**1,146,690**	832,793
Amounts due from related parties	13	**121,036**	203,463
Prepaid lease payments		**90,633**	58,419
Held-for-trading investments		**—**	10,105
Restricted bank balances		**17,762**	16,000
Bank balances and cash		**1,144,537**	1,133,607
		3,488,366	3,465,854
Current Liabilities			
Trade and other payables	14	**3,991,324**	3,993,801
Amounts due to related parties	13	**63,027**	73,320
Dividend payable		**256,255**	—
Tax liabilities		**151,289**	165,371
Bank loans	15	**100,000**	201,500
		4,561,895	4,433,992
Net Current Liabilities		**(1,073,529)**	(968,138)
Total assets less Current Liabilities		**3,108,145**	3,014,718

Unaudited Interim Consolidated Financial Information

	Notes	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Capital and Reserves			
Share capital	17	**1,281,274**	320,319
Share premium and reserves		**1,656,487**	2,536,892
Equity attributable to owners of the Company		**2,937,761**	2,857,211
Minority interests		**151,196**	138,319
Total equity		**3,088,957**	2,995,530
Non-current liabilities			
Deferred tax liabilities	16	**19,188**	19,188
		19,188	19,188
		3,108,145	3,014,718

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2011

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory common reserve fund RMB'000	Retained profits RMB'000	Total RMB'000	Minority Interests RMB'000	Total Equity RMB'000
At 1 January 2010 (Audited)	312,819	1,423,131	(733,253)	239,473	1,019,993	2,262,163	118,617	2,380,780
Profit for the period	–	–	–	–	280,361	280,361	19,557	299,918
Shares issued	7,500	281,688	–	–	–	289,188	–	289,188
Dividend paid to minority interests	–	–	–	–	–	–	(9,999)	(9,999)
Dividend payable by the Company	–	–	–	–	(225,131)	(225,131)	–	(225,131)
At 30 June 2010 (Unaudited)	320,319	1,704,819	(733,253)	239,473	1,075,223	2,606,581	128,175	2,734,756
At 1 January 2011 (Audited)	**320,319**	**1,705,973**	**(733,253)**	**297,174**	**1,266,998**	**2,857,211**	**138,319**	**2,995,530**
Profit for the period	**–**	**–**	**–**	**–**	**336,805**	**336,805**	**22,876**	**359,681**
Shares issued	**960,955**	**(960,955)**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend paid to minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**(9,999)**	**(9,999)**
Dividend payable by the Company	**–**	**–**	**–**	**–**	**(256,255)**	**(256,255)**	**–**	**(256,255)**
At 30 June 2011 (Unaudited)	**1,281,274**	**745,018**	**(733,253)**	**297,174**	**1,347,548**	**2,937,761**	**151,196**	**3,088,957**

Unaudited Interim Consolidated Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
NET CASH FROM OPERATING ACTIVITIES	**383,399**	251,120
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(257,467)**	(228,264)
Increase in restricted bank balances	**(1,762)**	—
Dividend received from associates	**—**	4,900
Payment for acquisition of a subsidiary	**—**	(44,460)
Cash flows of other investing activities	**61**	—
NET CASH USED IN INVESTING ACTIVITIES	**(259,168)**	(267,824)
FINANCING ACTIVITIES		
New bank loans raised	**300,000**	—
Repayments of bank loans	**(400,000)**	(51,700)
Interest paid	**(3,302)**	(3,725)
Proceeds from issue of shares	**—**	289,188
Dividend paid	**—**	(225,131)
Dividend paid to minority interests of subsidiaries	**(9,999)**	(42,549)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(113,301)**	(33,917)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(10,930)**	(50,621)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,133,607**	1,171,575
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**1,144,537**	1,120,954

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. GENERAL

Wumart Stores, Inc. is registered in the PRC as a joint stock company with limited liability. Its overseas-listed foreign shares (H shares) were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in November 2003 and listing was transferred from GEM to the main board of the Hong Kong Stock Exchange since 30 June 2011.

The Company's registered address is Room 5610, 1 Shixingdong Street, Badachu HighTech Park District, Shijingshan District, Beijing, the PRC and its head office is located at Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, P. R. China. Its principal place of business in Hong Kong is located at 18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

The Group is principally engaged in the operation of chain superstores and mini-marts.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

This interim financial information is unaudited and was approved by the Board on 24 August 2011.

2. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 — Interim Financial Reporting.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, which are further explained in the accounting policies set out as follows.

The accounting policies and basis of preparation used in the unaudited interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

Unaudited Interim Consolidated Financial Information

2. BASIS OF PRESENTATION (continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2011

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 July 2012

[4] Effective for annual periods beginning on or after 1 July 2012

3. SEGMENT INFORMATION

The Group is principally engaged in the operations of superstores and mini-marts in the PRC and all non-current assets of the Group are located in the PRC. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors of the Company. The information reported to the Board of Directors of the Company for the purpose of resource allocation and assessment of performance is based on the overall operation of all superstores and mini-marts, which is the only operating segment reported internally. Accordingly, no segmental analysis is presented.

4. REVENUE AND OTHER REVENUES

Revenue and other revenues recognized by the Group for the six months ended 30 June 2011 are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of goods	**7,153,669**	6,031,422
Other revenues		
Rental income from leasing of shop premises	**216,924**	178,193
Income from suppliers, including store display income and promotion income	**618,938**	507,384
	835,862	685,577
Total revenue	**7,989,531**	6,716,999

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The charge comprises:		
PRC income tax	**135,819**	115,028
	135,819	115,028

Unaudited Interim Consolidated Financial Information

5. INCOME TAX EXPENSE (continued)

The tax charge for the six months ended 30 June 2011 can be reconciled to the consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**495,500**	414,946
Taxation at the PRC income tax rate of 25%	**123,875**	103,736
Tax effect of share of profit of associates and a jointly controlled entity	**(392)**	(930)
Tax effect of expenses not deductible for tax purpose	**—**	30
Tax effect of tax losses not recognized	**12,336**	12,192
Income tax for the period	**135,819**	115,028

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation for property, plant and equipment	**(69,037)**	(58,680)
Amortisation for leasehold improvements	**(59,159)**	(30,932)
Amortisation for prepaid lease payments	**(29,210)**	(31,967)
Amortisation for land use rights	**(2,760)**	(2,760)
Total depreciation and amortisation	**(160,166)**	(124,339)
Operating lease rentals in respect of rented premises	**(279,378)**	(231,116)
Staff costs (including Directors' emoluments)	**(349,214)**	(289,554)
Share of tax of associates and a jointly controlled entity (included in share of profit of associates and a jointly controlled entity)	**(392)**	(930)

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (Six months ended 30 June 2010: Nil).

A final dividend of RMB0.20 per share (2009: RMB0.18 per share) for the year ended 31 December 2010 has been approved at the annual general meeting and the payment was completed by 15 August 2011.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the Period attributable to equity owners of the Company	**336,805**	280,361
Weighted average number of shares for the purposes of basic earnings per share (shares)	**1,281,274,116**	1,255,749,254
Earnings per share — basic (RMB: Yuan)	**0.26**	0.22

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2011 and 2010.

The Company implemented the share consolidation and capitalization issue on 12 April 2011. On the same date, the par value of the shares of the Company was changed from RMB0.25 per share to RMB1.00 per share, and the registered share capital of the Company increased from RMB320,318,519 to RMB1,281,274,116 with the total number of issued shares remaining unchanged at 1,281,274,116 shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the addition of furniture, fixtures and equipment of the Group was approximately RMB100,931,000 (Six months ended 30 June 2010: RMB66,020,000), the addition of leasehold improvement was approximately RMB149,903,000 (Six months ended 30 June 2010: RMB126,854,000) and the addition of land and buildings was approximately RMB313,064,000 (Six months ended 30 June 2010: nil).

Unaudited Interim Consolidated Financial Information

10. INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Cost of investments in associates unlisted	**103,189**	103,189
Share of post-acquisition profits, net of dividends received	**40,022**	41,079
	143,211	144,268
Cost of investments in jointly controlled entity unlisted	**100,000**	100,000
Share of post-acquisition profits (loss)	**2,578**	(50)
	102,578	99,950
	245,789	244,218

As at 30 June 2011, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group 30 June 2011	31 December 2010	Principal activities
Beijing Chao Shifa Company Limited	Incorporated	PRC	Beijing, PRC	Ordinary	**25.03%**	25.03%	Operation of superstores
Beijing Chongwenmen Vegetable Market Supermarket Company Limited	Incorporated	PRC	Beijing, PRC	Ordinary	**49%**	49%	Operation of superstores and mini-marts
Beijing Meiyijia Marketing Limited	Incorporated	PRC	Beijing, PRC	Ordinary	**25%**	25%	Operation of design, production agency and distribution of advertisements in the PRC

10. INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY (continued)

As at 30 June 2011, the Group had interests in the following jointly controlled entity:

Name of entity	Form of business structure	Place of incorporation/ operation	Registered capital RMB'000	Proportion of registered capital held by the Group 30 June 2011	Proportion of registered capital held by the Group 31 December 2010	Proportion of voting power held 30 June 2011	Proportion of voting power held 31 December 2010	Principal activities
Beijing Aoshikai Wumart Company Ltd.	Incorporated	PRC	200,000	**50%**	50%	**50%**	50%	Operation of superstores

11. GOODWILL

	RMB'000
COST	
At 1 January 2011	**844,964**
At 30 June 2011	**844,964**
CARRYING AMOUNTS	
At 30 June 2011	**844,964**

12. TRADE AND OTHER RECEIVABLES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade receivables	**123,937**	77,737
Prepayments to suppliers	**188,013**	212,158
Deductible input value added tax	**390,546**	327,805
Deposits and other receivables	**444,194**	215,093
	1,146,690	832,793

Unaudited Interim Consolidated Financial Information

12. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables represent receivables from supply of merchandise to franchised stores, managed stores and retail sales customers. The average credit period is 30 to 60 days for receivables from supply of merchandise to franchised stores and managed stores of the Group. The Group's retail sales to customers are mainly conducted on cash basis, including payments by cash and credit cards.

The following is an aged analysis of trade receivables:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0–30 days	**50,814**	33,350
31–60 days	**73,123**	44,387
	123,937	77,737

13. AMOUNTS DUE FROM/TO RELATED PARTIES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Amounts due from associates	**70,049**	74,428
Amounts due from a jointly controlled entity	**32,500**	67,660
Amounts due from subsidiaries of a Company's shareholder which has significant influence over the Company ("Company's Controlling Shareholder")	**18,487**	61,375
	121,036	203,463
Amount due to associates	**11,277**	17,748
Amount payable to subsidiaries of the Company's Controlling Shareholder	**51,750**	55,572
	63,027	73,320

13. AMOUNTS DUE FROM/TO RELATED PARTIES (continued)

The amounts due from associates, a jointly controlled entity and subsidiaries of the Company's Controlling Shareholder are trade in nature, unsecured and non-interest bearing. The average credit period for trade in nature balances is 30 to 60 days. The aged analysis of trade in nature balances are as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0–30 days	**65,360**	92,707
31–60 days	**37,521**	60,875
61–90 days	**18,155**	36,266
91–180 days	**—**	13,615
	121,036	203,463

14. TRADE AND OTHER PAYABLES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Bill payables	**120,666**	16,000
Trade payables	**2,679,890**	2,485,814
Advances from customers	**687,803**	767,303
Other payables, deposits and accruals	**502,965**	724,684
	3,991,324	3,993,801

Unaudited Interim Consolidated Financial Information

14. TRADE AND OTHER PAYABLES (continued)

The following is an aged analysis of trade payables:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0–30 days	**1,701,730**	1,592,620
31–60 days	**458,261**	409,861
61–90 days	**345,706**	326,245
Over 90 days	**174,193**	157,088
	2,679,890	2,485,814

15. BANK LOANS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Secured	**100,000**	1,500
Unsecured	**—**	200,000
	100,000	201,500

The loans are repayable within one year and carry interests at 6.56% (2010: 5.56% to 6.13%).

As at 30 June 2011, secured bank loans of RMB100,000,000 (31 December 2010: RMB1,500,000) are secured by the pledge of Group's land and buildings with a carrying amount of RMB227,135,000 (31 December 2010: RMB5,549,000).

16. DEFERRED TAXATION

The following is the major deferred tax assets/liabilities recognised by the Group and movements thereon during the current and prior periods:

	Impairment for deposit paid for acquisition of an associate RMB'000	Effective rent RMB'000	Tax losses RMB'000	Pre-operating expenses RMB'000	Differences in accumulated depreciation RMB'000	Fair value adjustments on business combination RMB'000	Total RMB'000
At 1 January 2011 (Audited)	**4,582**	**49,852**	**22,322**	**976**	**(2,723)**	**(29,003)**	**46,006**
At 30 June 2010 (Unaudited)	4,582	49,852	22,322	976	(2,723)	(29,003)	46,006

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Deferred tax assets	**65,194**	65,194
Deferred tax liabilities	**(19,188)**	(19,188)
	46,006	46,006

At 30 June 2011, the Group had unused tax losses of RMB190,800,000 (31 December 2010: RMB203,265,000) available to offset against future profits. A deferred tax asset has been recognised in respect of RMB89,288,000 (31 December 2010: RMB89,288,000) of such losses. No deferred tax asset has been recognised in respect of the remainder of such losses of RMB101,512,000 (31 December 2010: RMB113,977,000) due to unpredictability of future profit stream.

Unaudited Interim Consolidated Financial Information

17. SHARE CAPITAL

	Number of Domestic Shares '000	Number of H Shares '000	Number of Total Shares '000	Value RMB'000
Authorised, issued and fully paid				
Ordinary shares of RMB0.25 each at 1 January 2010	744,706	506,568	1,251,274	312,819
New issue of H shares	—	30,000	30,000	7,500
Ordinary shares of RMB0.25 each at 31 December 2010	744,706	536,568	1,281,274	320,319
Ordinary shares of RMB1 each at 30 June 2011	744,706	536,568	1,281,274	1,281,274

Note: Based on the authorisation granted to the Board of the Company by the Shareholders, the Board implemented the Share Consolidation and the Capitalisation Issue on 12 April 2011. For details, please refer to the announcement named Implementation of Share Consolidation and Capitalisation Issue dated 22 March 2011 of the Company. On the same date, the par value of the shares of the Company was changed from RMB0.25 per share to RMB1.00 per share, and the registered share capital of the Company increased from RMB320,318,529 to RMB1,281,274,116 by way of capitalisation of capital reserve in the amount of RMB960,955,587 with the total number of Shares in issue remaining unchanged at 1,281,274,116 Shares.

18. COMMITMENTS UNDER OPERATING LEASES

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under operating leases in respect of rented premises which fall due as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**618,560**	579,402
In the second to fifth year inclusive	**2,539,531**	2,402,014
Over five years	**6,958,748**	6,590,909
	10,116,839	9,572,325

18. COMMITMENTS UNDER OPERATING LEASES (continued)

The Group as lessor

At the balance sheet date, the Group had contracted with tenants in respect of leasing of retail booths for the following future minimum lease payments:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**375,318**	289,276

19. CAPITAL COMMITMENTS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Capital expenditure In respect of property, plant and equipment (contracted but not provided for in the consolidated financial statements)	**104,449**	113,060
Capital expenditure In respect of property, plant and equipment (authorised but not contracted)	**176,700**	145,053

Unaudited Interim Consolidated Financial Information

20. RELATED PARTY TRANSACTIONS

Apart from the amounts due from and to related companies as disclosed in note 13, during the period, the Group had the following related party transactions:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods to associates	**46,947**	51,849
Sales of goods to a jointly controlled entity	**107,309**	96,289
Sales of goods to subsidiaries of the Company's Controlling Shareholder	**60,162**	65,943
Service fee income received from subsidiaries of the Company's Controlling Shareholder in respect of merchandise delivery services	**1,805**	2,090
Service fee income received from associates and a jointly controlled entity in respect of merchandise delivery services	**632**	607
Management fee income received from subsidiaries of the Company's Controlling Shareholder	**331**	361
Rental expense paid to a subsidiary of the Company's Controlling Shareholder	**1,827**	1,830

Management Discussion and Analysis

FINANCIAL REVIEW

Total Revenue

During the Reporting Period, the Group recorded total revenue of approximately RMB7,989,531,000, increasing by approximately 18.9% over the corresponding period of 2010. Excluding the sale of merchandises to managed stores and related companies at costs, total revenue would have grown by approximately 18.8% from the corresponding period of last year. The sustained rapid growth in total revenue of the Group was mainly attributable to the sales growth of comparable stores and the revenue contribution from newly-opened stores.

During the Reporting Period, comparable store sales grew by approximately 12.0%, representing an increase of 3.5 percentage points over the same period last year. Apart from the factor of the increase in food prices, it was also attributable to the Group's success in increasing customer traffic and average transaction amount per head by optimizing product categories, enhancing shop image and shopping environment and providing various value-added services for improving customer satisfaction.

Consolidated Gross Profit and Consolidated Gross Margin

During the Reporting Period, the Group's consolidated gross profit amounted to approximately RMB1,541,355,000, representing a growth of approximately 20.2% from 1,282,669,000 for the corresponding period of last year. The Group's consolidated gross margin was approximately 19.3%, representing an increase of 0.2 percentage points from 19.1% recorded for the corresponding period of last year. Excluding the sale of merchandises to managed stores and related companies at costs, consolidated gross margin would have been approximately 20.0% or an increase of 0.3 percentage points from 19.7% recorded for the corresponding period of last year.

The increase in consolidated gross margin was primarily attributable to: (1) the enhanced control over merchandises and the sustainably lower impairment of merchandises. (2) reduction in purchase cost brought by the expansion of the scale of procurement.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses of the Group primarily comprised staff costs, rental expenses, depreciation and amortization and utilities.

During the Reporting Period, distribution and selling expenses and administrative expenses amounted to approximately RMB1,001,492,000 and RMB162,430,000, representing approximately 12.5% and 2.0% of total revenue, respectively (Corresponding period of 2010: approximately RMB813,271,000 and RMB128,998,000, representing approximately 12.1% and 1.9% of total revenue, respectively). Such proportional increase was primarily attributable to the increase in personnel expenses and rental expenses as a proportion to total revenue.

Management Discussion and Analysis

Finance costs

During the Reporting Period, finance costs of the Group amounted to approximately RMB8,615,000, compared to approximately RMB10,796,000 for the same period of 2010. The decline in finance costs was mainly due to the reduced size of debt financing.

Net profit and net profit margin

During the Reporting Period, net profit attributable to equity holders of the Group was approximately RMB336,805,000, representing a 20.1% growth over approximately RMB280,361,000 recorded for the same period of 2010. During the Reporting Period, the Group's net profit margin was approximately 4.2%. Excluding merchandise sales at cost to managed stores and related companies, net profit margin was approximately 4.4%, which was 0.1 percentage point higher compared to 4.3% for the same period of 2010.

Liquidity and financial resources

During the Reporting Period, cash flow generated from operating activities amounted to approximately RMB383,399,000, representing an increase of RMB132,279,000 from RMB251,120,000 recorded for the corresponding period of 2010. As at 30 June 2011, the Group had cash and bank balances of approximately RMB1,144,537,000.

As at 30 June 2011, the Group had total equity of approximately RMB3,088,957,000 and a gearing ratio of 3.2% (31 December 2010: 6.7%). The calculation of the gearing ratio is based on total bank loans and total equity as at the end of the Reporting Period.

As at 30 June 2011, the Group had non-current assets of approximately RMB4,181,674,000, which mainly included property, plant and equipment of approximately RMB2,831,699,000, goodwill of approximately RMB844,964,000 and aggregate interests in associates and a jointly controlled entity of approximately RMB245,789,000.

As at 30 June 2011, the Group recorded net current liabilities of approximately RMB1,073,529,000. Current assets amounted to approximately RMB3,488,366,000, which mainly comprised cash and bank balances of approximately RMB1,144,537,000, inventories of approximately RMB967,708,000, trade and other receivables of approximately RMB1,146,690,000, and amounts due from related parties of approximately RMB121,036,000. Current liabilities amounted to approximately RMB4,561,895,000, mainly comprising trade payables and other payables of approximately RMB3,991,324,000, amounts due to related parties of approximately RMB63,027,000, tax payable of approximately RMB151,289,000, and bank loans of approximately RMB100,000,000.

During the Reporting Period, the Group's average trade payable turnover and inventory turnover were approximately 73 days and 30 days respectively, and approximately 70 days and 28 days for the corresponding period of 2010, respectively.

BUSINESS REVIEW

Retail Network

The Group continued to penetrate in Beijing, Tianjin and Zhejiang markets in persistent implementation of its expansion strategy of regional priority. As at 30 June 2011, we had a retail network of 512 stores (30 June 2010: 474 stores) comprising 124 superstores and 388 mini-marts (comprising Everyday Shops, High-end Supermarkets and Convenience Stores), which were either directly operated or operated and managed through franchise agreements and management agreements by the Group, its associates (other than Beijing Chao Shifa Company Limited ("Chao Shifa")) and a jointly controlled entity. The Group's retail network occupied an aggregate saleable area of 636,853.7 square metres, excluding stores under associates and franchises.

Management Discussion and Analysis

During the Reporting Period, 8 directly-operated superstores were opened while 2 were closed down due to demolition of properties. For mini-marts, 21 directly-operated new stores were opened while 9 were closed down due to demolition of properties or expiration of lease. For franchised stores, 3 new stores were opened. The cooperation with 1 managed mini-marts was terminated.

Stores operated and managed by the Group, associates and jointly-controlled entities, other than those stores under Chao Shifa, as at 30 June 2011 were as follows:

	Number of Superstores	Number of Mini-marts	Total	Geographical Distribution
Directly-owned	122	267	389	Beijing, Tianjin, Hebei, Zhejiang
Franchised	—	84	84	Zhejiang
Managed	2	37	39	Tianjin
Total	**124**	**388**	**512**	

FULL INTEGRATION OF MERRYMART FOR BETTER ECONOMY OF SCALE

During the Reporting Period, the Group fully integrated Beijing MerryMart Chain Stores Development Company Limited ("MerryMart"), an acquired business, by lining up MerryMart's headquarters staff, information systems and office automation system and reducing the administrative expenses by consolidating the two headquarters by April 2011. In the meantime, the Group further converged, unified and optimized the supplier resources of Wumart stores and that of MerryMart stores in Beijing, raising the proportion of overlapping suppliers from 40% to nearly 70%.

On this basis, the Group renegotiated with the suppliers for merchandises which are both available at Wumart stores and MerryMart stores on the principle of applying the more favorable prices for the same merchandises to get lower sourcing price and better commercial terms in procurement contracts. In addition, we introduced to Wumart stores and MerryMart stores those merchandises which sell well at each other's stores previously, and raised the overlapping proportion of promotional merchandises to 90%, forming complementary strengths in terms of merchandise with each other and enlarged the scale of purchases from individual suppliers which led to further economy of scale and expanded the room for the improvement of the competitiveness of merchandise and the consolidated gross profit margin of the Group.

CONTINUAL OPTIMIZATION OF MERCHANDISE MIX AND SECURING HIGH CONSUMPTION GROUPS

During the Reporting Period, the Group continued to introduce high-end merchandises to its High-end Supermarkets to provide more suitable goods and services for its target consumers. Such provision included the addition of new series of products such as black bean sushi, and the introduction of high-end merchandises such as Dongfangmage Red Wine series, Herun yogurt, Tepin low-fat oats, and Starbucks Coffee etc. The optimization of merchandise mix and product categories has enhanced the image of the high-end stores of Wumart and attracted the patronage of High-end Supermarket customers.

During the Reporting Period, the Group strengthened its analysis of data available from ACNielsen, to understand consumption demand and provide customized services for premium customers, which has further secured consumption groups with high average transaction amount per head. At Wumart Eastern China branch, the Group optimized its merchandise mix and launched specialty merchandises including imported products with exotic tastes and local specialty products, such as imported red wine, chocolates, complemented by display with exotic tastes to attract consumers. In the meantime, we also introduced seasonal products and organic, green and premium health products from time to time to cater to the needs of the consumption groups.

Management Discussion and Analysis

IMPLEMENTATION OF AUTOMATIC REPLENISHMENT TO ACHIEVE HIGH EFFICIENCY IN OPERATIONS

During the Reporting Period, the launch of automatic replenishment system was in full swing in the Group's superstores in Beijing. It is expected that such launching in Beijing area will be completed by the end of July. Wumart Eastern China branch has started the overall implementation of the automatic replenishment system. As a result, the order satisfaction rate is enhanced and the security of best-selling products is improved. It will better rationalize the merchandise mix and effectively enhance the timeliness of replenishing merchandises, greatly reducing out-of-stock occurrences at the stores and further raising the Group's operational efficiency.

ACTIVE EXPLORATION OF MARKETS TO EXPAND THE COVERAGE OF CONVENIENT STORES

To further explore markets to expand the scope of convenience stores, we have stepped up the opening of convenience stores on school campuses, at government entities, business units, and office buildings in addition to the ongoing development of its business-based and mobile convenience stores. During the Reporting Period, the Group achieved the breakthrough via the successful confirmation of the opening of three stores at the manufactory area of Beijing Hyundai Motors and ten stores on the platforms of Beijing South Train Station.

CONTINUAL IMPLEMENTATION AND IMPROVEMENT OF WINBOX@SAP SYSTEM FOR HIGHER OPERATIONAL AND MANAGEMENT EFFICIENCY

During the Reporting Period, the WINBOX system solution was successfully introduced to Hangzhou stores of the Group as well as the Zhejiang Linping Distribution Centre. Such implementation covered core retail business including product category performance, procurement optimization, as well as store management and financial management which is seamlessly integrated with the business. Supported by WINBOX@SAP system, Zhejiang Linping Distribution Centre has started using the "cross-clocking" distribution model, thereby reducing the inventory and enhancing the order satisfaction rate of the stores. At the same time, the leasing agreements of the stores in Hangzhou, spare parts and consumables at headquarters and stores are also covered under the unified management by the system, so that management efficiency can be enhanced and administrative costs can be gradually reduced. The unification of the Group's information system in terms of platforms, standards and processes has further enhanced the overall level of operational management and competitiveness of the Group.

During the Reporting Period, the Group completed the upgrading of its self-developed VRM, namely vendor relationship management system. On the basis of this VRM system, the development of merchandise (agricultural produce) can be traced back. The quality control data at various stages of planting and circulation of the agricultural produce are recorded in the system and are capable of enquiring and monitoring, thereby enabling tracing and managing the supply chains of agricultural produce and quality safety at different stages from planting up to circulation.

OPTIMIZING THE MODE OF OPERATIONS OF THE SUPPLY CHAIN TO ENHANCE OPERATIONAL EFFICIENCY

Working around the principle of "Highly IT-based, Sufficiently Mechanised and Reasonably Automatised", and guided by the idea of "exchanging time for space", the Group is in continual effort in optimizing its supply chain processes, to enhance the efficiency in receiving, sorting and delivering merchandises, and gradually lower the overall operating costs of the supply chain.

During the Reporting Period, the merchandise collection area is released under the management model of "corridor-to-corridor", which increased the turnover rate of core logistics resources — venue, equipment and vehicles. It ultimately balanced the operational resources and operational efficiency at a new altitude, giving the logistics distribution centre an enlarged capability in receiving and delivering goods, driving the number of inventory items up by 25%, and a substantial year-on-year growth in the amount of goods distributed.

Management Discussion and Analysis

EXPANSION OF SCALE OF "FARM-SUPERMARKET LINKS" TO ACHIEVE WIN-WIN SITUATION

The Group actively leveraged upon the advantage of farm base, to raise the quality and lower the procurement costs of agricultural produce. During the Reporting Period, the Group and Hainan Provincial Government collaborated in hosting the Hainan Festival of Fruits and Vegetables. The extensive retain chain network of the Group became the largest "farm-supermarket links" sales platform via which specialty agricultural produce of Hainan are delivered directly to the dining tables of Beijing residents. In the meantime, the "farm-supermarket links" has enabled the "direct fresh purchase", "focused sale", "zero stay along supply chain" and "traceable and safe" of fruits and vegetables produced in Hainan, all the way up to the sales and marketing outlets of the Group in Beijing.

During the Reporting Period, the Group cooperated in farm-supermarket link with Shandong Cooperative and formulated a model of farm-supermarket link with the theme of "technology, food safety and environmental protection", to achieve industry advancement based on technology and leverage upon the demonstration base of farm-supermarket link. In the 3rd Summit Forum of Fresh Food Operations in China's Retail Industry held in Chongqing, the Group's project named "Linking Zhongdeli Vegetables Specialized Cooperative in Linzi District, Zibo City, Shandong Province" was among the first batch of "Hundred Model Projects of Farm-Supermarket Links" under China Chain Store & Franchise Association (CCFA).

As at 30 June 2011, the Group had established 67 direct purchase bases across 19 cities and provinces with an area of more than 800,000 mu (1 mu = 666 sq m). The Group has built up a tracking system for agricultural produce and has continually promoted agricultural standardization and its large-scale development, strengthened safety of agricultural produce, and reduced the number of circulation processes so that purchase costs for agricultural produce can be effectively controlled, and contributing to a win-win scenario among producers, consumers and the Group. The implementation of farm-supermarket link has also built up a positive brand image of the Group among consumers in Beijing.

Establishment of a Testing Centre to Secure Food Safety

During the Reporting Period, the Group introduced high-tech testing equipment and invested in hiring professional testing personnel for establishing a testing centre for Wumart Northern China Distribution Centre. The testing centre conducts testing on the high-risk benchmarks in respect of key merchandises such as food products, including basic chemical benchmarks, pesticide residue, animal drug residue, food additive residue, heavy metal residue and microorganism residues contained in agricultural produce such as fruits and vegetables. There are more than 40 testing items and the precision of the testing can meet the requirements of regulatory standards related to food safety. The establishment of the testing centre further boosts the Group's control over quality of products and food safety, thereby ulteriorly renovating the Group's brand image among consumers.

Management Discussion and Analysis

Improving Productivity and Reserving Talents for Future Development

As at 30 June 2011, the Group had 21,571 employees (31 December 2010: 22,273) and total staff cost was RMB349,214,000. The remuneration of employees is determined based on market terms and the individual's performance, seniority and experience. Discretionary bonuses may be paid depending on the individual's contribution to the Company. Other employee benefits include pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund.

In order to establish a specialized and professional team and meet the demand for high-calibre people to match with the Group's rapid development, Wumart Institute and its Eastern China branch and Tianjin branch continued to implement a series of training programmes. During the Reporting Period, a total of 30 training sessions had been organized and 2,507 participants were trained. The sessions mainly covered Hundred-people scheme training, MT training, operations training, promotion training for department heads, new-recruits training and customer service training etc. Such series of trainings are provided to enhance the comprehensive attributes of department heads and staff members.

During the Reporting Period, the Group further enhanced its training mechanism by formulating the Administrative Rules for Wumart's Staff-level Core Heads, which stipulates the formulation of training and development schemes for selecting successors and back-up people for key positions, position rotation scheme, delegation training scheme, and focused training schemes, to secure the stability of our core team and effectively supplement and strengthen the functioning of key management positions, cater to the requirements of management staff, providing effective human resources support for the sustainable development of the Group.

PROSPECTS

For the first half of 2011, the PRC recorded a GDP of RMB20,445.9 billion or a growth rate of 9.6% year-on-year based on comparable prices. Total retail sales of consumer goods grew by 16.8% year-on-year to reach RMB8,583.3 billion. For the second half of the year, with the burgeoning effect of the austerity policies, implementation of favorable industry policies and implementation of the relevant policies under the Twelfth Five-year Plan, those factors hindering the consumption growth of the PRC are likely to be eliminated and household consumption is expected to report long-term and sustainable growth, thereby further promoting the development of the PRC's retail industry.

Facing the steady growth and fierce competitive landscape in the retail industry, the Group will continue to thoroughly integrate all resources and explore its scale advantage, enhance its operational level, lower its operating costs, enhance logistics operations efficiency, and adhere to the use of strong IT technology, advanced logistics technology, adhere to its sound and healthy operation, strictly control its costs and implement sound control against risks. It will also actively optimize and adjust the structure of its team to maintain and enhance the Company's competitiveness and generate better returns to the shareholders.

Other Information

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim financial information and the financial position of the Group for the six months ended 30 June 2011.

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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company. Having made specific enquiry of all directors and supervisors, all of them confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2011.

CORPORATE GOVERNANCE

For the six months ended 30 June 2011, the Company had been in compliance with the code provisions set out in "Code on Corporate Governance Practices" contained in Appendix 15 of the GEM Listing Rules and the code provisions set out in "Code on Corporate Governance Practices" contained in Appendix 14 of the Listing Rules, and had adopted most of the recommended best practices as set out therein. The directors of the Company are not aware of any information which would reasonably indicate any non-compliance of the Company with any of the code provisions during the Reporting Period.

DIRECTORS INFORMATION

On 28 June 2011, it was approved on the annual general meeting of the Company that Dr. Wu Jian-zhong, Madam Xu Ying and Dr. Meng Jin-xian were re-appointed as the executive directors of the fourth session of the Board; Mr. Wang Jian-ping, Mr. John Huan Zhao and Madam Ma Xue-zheng were re-appointed as the non-executive directors of the fourth session of the Board and Mr. Han Ying, Mr. Li Lu-an and Mr. Lu Jiang were re-appointed as the independent non-executive directors of the fourth session of the Board; Dr. Yu Jian-bo was appointed as an executive director of the fourth session of the Board; and Mr. Wang Jun-yan was appointed as an independent non-executive director of the fourth session of the Board, on terms commencing from 28 June 2011 and ending at the conclusion of the 2013 annual general meeting of the Company. Details of these directors' particulars are set out in the announcement of the Company dated 28 June 2011.

PLEDGE OF ASSETS

As at 30 June 2011, the Group's bank loans of RMB100,000,000 (31 December 2010: RMB1,500,000) were secured by the pledge of land and buildings with a carrying amount of approximately RMB227,135,000 (31 December 2010: RMB5,549,000).

EXCHANGE RATE RISK

The income and expenses of the Group are mostly denominated in RMB. During the Reporting Period, the Group had not been subject to any significant difficulties from and its working capital or liquidity had not been affected as a result of fluctuations in exchange rates.

CONTINGENT LIABILITY

As at 30 June 2011, the Group had no significant contingent liability.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the Reporting Period, the Group did not have any material acquisitions or disposal of assets.

MATERIAL INVESTMENTS

During the Reporting Period, the Group did not have any material investments.

FUTURE INVESTMENT PLANS

During the Reporting Period, the Group did not have any significant investment plans.

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

As at 30 June 2011, 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 of Hong Kong (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 Model Code set out in Appendix 10 of the Listing Rules were as follows:

	Number of domestic shares (shares)	**Approximate percentage of total issued domestic share capital** (%)	**Approximate percentage of total share capital** (%)	**Type of interests**
Dr. Wu Jian-zhong *(Note 1)*	160,457,744	21.55	12.52	Interests in controlled corporation
Dr. Meng Jin-xian *(Note 2)*	48,251,528	6.48	3.77	Interests in controlled corporation

Other Information

Notes:

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

2. Dr. Meng Jin-xian holds 40% of the share capital of Beijing Junhe Investment Co., Ltd. ("Junhe Investment"), one of the promoters of the Company, which has a direct interest in 23,269,228 domestic shares of the Company. Junhe Investment also holds 50% of the share capital of Beijing Hekang Youlian Technology Co., Ltd. ("Hekang Youlian"), which has a direct interest in 24,982,300 domestic shares of the Company. Dr. Meng Jin-xian is deemed, by virtue of Part XV of the SFO, to be interested in the shares held by Junhe Investment and Hekang Youlian in the Company.

Save as disclosed above, to the best knowledge of the directors, as at 30 June 2011, none of the directors, supervisors and chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations 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 the Model Codes sets out in Appendix 10 of the Listing Rules.

As at 30 June 2011, none of the Company, its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangement to enable the directors or supervisors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, the interests or short positions of persons other than Directors, supervisors and 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:

Domestic shares of the Company

Name	Number of domestic shares held (shares)	Approximate percentage of domestic share (%)	Approximate percentage of total share capital (%)
Dr. Zhang Wen-zhong *(Note 1)*	497,932,928	66.86	38.86
Jingxi Guigu *(Note 1)*	497,932,928	66.86	38.86
CAST Technology Investment *(Note 1)*	497,932,928	66.86	38.86
Wumei Holdings *(Note 2)*	497,932,928	66.86	38.86
Xinhua Department Store *(Note 3)*	497,932,928	66.86	38.86
Wangshang Shijie E-business	160,457,744	21.55	12.52

Notes:

1. Beijing Jingxi Guigu Technology Company Limited ("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. Beijing CAST Technology Investment Company ("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 of the Company held by Wumei Holdings.

2. As at the date hereof, Xinhua Department Store is owned as to 29.27% by Wumei Holdings. Pursuant to the share transfer agreement (please refer to the Company's announcement on 24 July 2008) entered into between Wumei Holdings and Xinhua Department Store, Wumei Holdings is entitled to control the exercise of one-third or more of the voting power at general meetings of Xinhua Department Store subsequent to the completion of the share transfer agreement. Accordingly, Wumei Holdings is deemed to be interested in the shares of the Company held by Xinhua Department Store subsequent to the completion of the share transfer agreement.

3. According to the share transfer agreement entered into between Wumei Holdings and Yinchuan Xinhua Department Store Company Limited ("Xinhua Department Store"), approximately 66.86% of the domestic shares of the Company would be held by Xinhua Department Store directly: as the share transfer agreement is not yet completed, the

Other Information

percentage of domestic shares of the Company held by Xinhua Department Store is yet to be determined. On 16 January 2009, Xinhua Department Store announced that, due to uncertainties as a result of market changes, its board of directors was unable to issue the notice of a general meeting within six months of the first announcement of the board resolutions. Accordingly, pursuant to the "Regulations in Relation to Regulating Issues Arising from Material Assets Reorganisation of Listed Companies" issued by the China Securities Regulatory Commission, Xinhua Department Store would re-convene a board meeting in due course to consider the said share issue.

H shares of the Company

Name	**Number of H shares held** (shares)	**Approximate percentage of total issued H share capital** (%)	**Approximate percentage of total share capital** (%)
JPMorgan Chase & Co. *(Note 1)*	107,791,493	20.09	8.41
Arisaig Asia Consumer Fund Limited *(Note 2)*	65,978,000	12.30	5.15
Arisaig Partners (Mauritius) Limited *(Note 3)*	65,978,000	12.30	5.15
Cooper Lindsay William Ernest *(Note 4)*	65,978,000	12.30	5.15
T. Rowe Price Associates, Inc. and its affiliates *(Note 5)*	58,329,658	10.87	4.55
Artio Global Management LLC *(Note 6)*	48,695,300	9.08	3.8
Invesco Hong Kong Limited (in its capacity as manager/advisor of various clients) *(Note 7)*	32,081,750	5.98	2.5

Notes:

1. Including 1,024,000 H shares held by JPMorgan Chase & Co. in its capacity as a beneficial owner, 55,344,750 H shares as an investment manager and 51,422,743 H shares as a trustee company/approved lending agent.

2. These 65,978,000 H shares are held by Arisaig Asia Consumer Fund Limited in its capacity as a beneficial owner.

3. These 65,978,000 H shares are held by Arisaig Partners (Mauritius) Limited in its capacity as an investment manager.

4. These 65,978,000 H shares are held by Cooper Lindsay William Ernest through his interests in controlled corporation.

5. These 58,329,658 H shares are held by T. Rowe Price Associates, Inc. and its affiliates in its capacity as an investment manager.

6. These 48,695,300 H shares are held by Artio Global Management LLC in its capacity as an investment manager.

7. These 32,081,750 H shares are held by Invesco Hong Kong Limited in its capacity as an investment manager.

Save as disclosed above, no person was recorded as having any interests or short positions in any shares or underlying shares of the Company required to be disclosed under Section 336 of the SFO and the Listing Rules.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

COMPETING INTERESTS

Wumei Holdings operates retail chain business mainly in Tianjin, Shanghai, Jiangsu and Yinchuan.

The Group expands its supermarket chain business mainly in Beijing, Zhejiang and Tianjin. The Company entered into the non-competition agreement and the trademark licensing agreement with Wumei Holdings on 29 October 2003. On 5 May 2011, the Company entered into Entrusted Operation and Management Agreements (2011) with Wumei Holdings and the Group would continue to provide supply of goods, delivery and management services of merchandise for Wumei Holdings and its subsidiaries. Wumei Holdings has operated in strict compliance with the non-competition agreement and Entrusted Operation and Management Agreements (2011) in order to avoid business competition with the Group to the fullest extent.

Save as the competing business disclosed above, so far as the directors are aware, Wumei Holdings does not have any business which is in direct or indirect competition with the Group or derive any interest therefrom.

SHARE CONSOLIDATION AND THE CAPITALISATION ISSUE

Based on the approval of the general meeting of the Company and the authorisation granted to the Board, the share consolidation and the capitalisation issue were implemented on 12 April 2011. For details, please refer to the announcement of the Company named Implementation of Share Consolidation and Capitalisation Issue dated 22 March 2011. On the same date, every four existing shares with a nominal value of RMB0.25 each were consolidated into one consolidation share with a nominal value of RMB1.00 each, and the Company issued 960,955,587 capitalisation shares with a nominal value of RMB1.00 each by way of capitalisation of capital reserve in the amount of RMB960,955,587. Since the share consolidation and the capitalisation issue became effective, the par value of the shares of the Company has been changed from RMB0.25 per share to RMB1.00 per share, and the registered share capital of the Company increased from RMB320,318,529 to RMB1,281,274,116 with the total number of shares in issue remaining unchanged at 1,281,274,116 shares, comprising 536,568,000 H shares and 744,706,116 domestic shares, representing 41.88% and 58.12%, respectively, of the total issued share capital of the Company.

Other Information

TRANSFER OF LISTING FROM GEM TO MAIN BOARD

As approved by the China Securities Regulatory Commission and the Stock Exchange, the listing of 536,568,000 H shares in issue of the Company were transferred from GEM to the main board of the Stock Exchange since 30 June 2011. The new stock code is 01025.

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

Beijing, PRC

24 August 2011