物美
WU MART

Wumart Stores, Inc.
北京物美商業集團股份有限公司

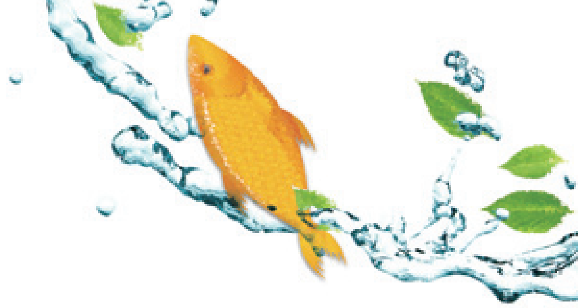
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 1025

Interim Report 2013

Contents

Company Information



Board of Directors

Executive Directors

Dr. Wu Jian-zhong *(Chairman)*[Note]
Madam Xu Ying *(President)*
Dr. Yu Jian-bo *(Vice President)*
Dr. Xu Shao-chuan *(Vice President)*

Non-executive Directors

Dr. Meng Jin-xian
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 Wang Yi
Dr. Liu Wai

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

Nomination Committee

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

Authorized Representatives

Dr. Wu Jian-zhong[Note]
Madam Wang Yi

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

Hong Kong Share Registrar and Transfer Office

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

PRC Legal Address

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

Head Office

Wumart Commercial Building
158-1 West 4th Ring North Road
Haidian District
Beijing, The PRC

Principal 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

1025

Note: Dr. Wu Jian-zhong has been re-designated as a non-executive Director of the Company since 10 July 2013, and ceased to be an authorized representative. The Company has appointed Madam Xu Ying as an authorized representative

Interim Results Highlights

	For the six months ended 30 June		
	2013	2012	**Change**
	RMB'000	RMB'000	
Total revenue(Note 1)	**9,556,560**	8,568,533	11.5%
Consolidated gross profit(Note 2)	**1,902,086**	1,693,737	12.3%
Net profit attributable to owners of the Company	**340,059**	338,612	0.4%
Comparable store(Note 3) sales growth rate	**3.8%**	3.9%	Decreased by 0.1 percentage point
Inventory turnover days	**26 days**	28 days	Decreased by 2 days

Note 1: Total revenue includes revenue 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 1 January 2012 and 30 June 2013.

Unaudited Interim Consolidated Financial Information

Interim Results Report 2013 (Unaudited)

The board of directors 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 2013 (the "Reporting Period").

Interim Financial Statements 2013

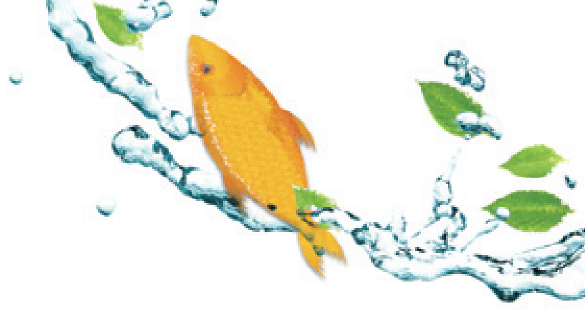
Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013 and the corresponding period in 2012

	Notes	For the six months ended 30 June **2013** **RMB'000** **(Unaudited)**	 2012 RMB'000 (Unaudited)
Revenue from sales of goods	4	**8,486,490**	7,625,398
Cost of sales		**(7,654,474)**	(6,874,796)
Gross profit		**832,016**	750,602
Other revenues	4	**1,070,070**	943,135
Investment and other income		**181,919**	153,467
Distribution and selling expenses		**(1,348,307)**	(1,154,178)
Administrative expenses		**(234,247)**	(187,783)
Share of profit of associates		**1,227**	1,211
Share of profit of a jointly controlled entity		**3,276**	2,887
Finance costs		**(15,338)**	(11,315)
Profit before tax		**490,616**	498,026
Income tax expense	5	**(130,551)**	(136,595)
Profit and total comprehensive income for the period	6	**360,065**	361,431
Profit and total comprehensive income for the period attributable to the following			
Owners of the Company		**340,059**	338,612
Minority interests		**20,006**	22,819
Basic earnings per share (RMB yuan per share)	8	**0.27**	0.26

Condensed Interim Consolidated Statement of Financial Position

	Notes	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	9	**3,549,334**	3,409,876
Rental deposits		**173,469**	249,508
Prepaid lease payments		**238,940**	143,386
Goodwill		**844,964**	844,964
Intangible assets		**75,439**	86,599
Interests in associates	10	**146,468**	145,241
Interests in a jointly controlled entity	10	**102,874**	99,598
Deferred tax assets	16	**104,906**	104,906
		5,236,394	5,084,078
Current Assets			
Inventories		**1,090,523**	1,111,511
Loan receivables		**359,002**	330,973
Trade and other receivables	11	**1,224,003**	1,036,977
Amounts due from related parties	12	**155,527**	169,067
Prepaid lease payments		**67,751**	90,026
Held-for-trading investments		**1,389,188**	32,489
Restricted bank balances		**39,716**	53,355
Bank balances and cash		**810,107**	2,158,841
		5,135,817	4,983,239
Current Liabilities			
Trade and other payables	13	**5,541,772**	5,571,517
Amounts due to related parties	12	**39,820**	39,474
Dividend payable		**269,068**	—
Tax liabilities		**147,528**	206,489
Loans	14	**509,938**	524,500
		6,508,126	6,341,980
Net Current Liabilities		**(1,372,309)**	(1,358,741)
Total Assets less Current Liabilities		**3,864,085**	3,725,337



	Notes	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Capital and Reserves			
Share capital		**1,281,274**	1,281,274
Share premium and reserves		**2,321,328**	2,250,337
Equity attributable to owners of the Company		**3,602,602**	3,531,611
Minority interests		**188,036**	180,279
Total equity		**3,790,638**	3,711,890
Non-current Liabilities			
Loans in associates	15	**60,000**	—
Deferred tax liabilities	16	**13,447**	13,447
		73,447	13,447
		3,864,085	3,725,337

Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Equity attributable to owners of the Company							
	Share capital	**Share premium**	**Other reserve**	**Statutory common reserve fund**	**Retained profits**	**Total**	**Minority interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (Audited)	1,281,274	745,018	(733,253)	331,500	1,562,458	3,186,997	157,999	3,344,996
Profit for the period	—	—	—	—	338,612	338,612	22,819	361,431
Shares in issue	—	—	—	—	—	—	—	—
Dividend paid to minority interests	—	—	—	—	—	—	(12,120)	(12,120)
Dividend payable by the Company	—	—	—	—	(256,255)	(256,255)	—	(256,255)
At 30 June 2012 (Unaudited)	1,281,274	745,018	(733,253)	331,500	1,644,815	3,269,354	168,698	3,438,052
At 1 January 2013 (Audited)	**1,281,274**	**745,018**	**(733,253)**	**362,309**	**1,876,263**	**3,531,611**	**180,279**	**3,711,890**
Profit for the period	**—**	**—**	**—**	**—**	**340,059**	**340,059**	**20,006**	**360,065**
Shares in issue	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Dividend paid to minority interests	**—**	**—**	**—**	**—**	**—**	**—**	**(12,249)**	**(12,249)**
Dividend payable by the Company	**—**	**—**	**—**	**—**	**(269,068)**	**(269,068)**	**—**	**(269,068)**
At 30 June 2013 (Unaudited)	**1,281,274**	**745,018**	**(733,253)**	**362,309**	**1,947,254**	**3,602,602**	**188,036**	**3,790,638**

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**219,573**	403,028
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(264,920)**	(524,831)
Proceeds from disposal of property, plant and equipment	**572**	1,529
Decrease (increase) in restricted bank balances	**13,639**	35,424
Increase in held-for-trading investments	**(1,356,699)**	(236,205)
Cash received from investment income	**22,750**	19,521
NET CASH USED IN INVESTING ACTIVITIES	**(1,584,658)**	(704,562)
FINANCING ACTIVITIES		
New bank loans raised	**—**	100,000
Repayments of bank loans	**—**	(350,000)
Receipt of loans in associates	**60,000**	—
Amounts received from issue of short term debenture	**498,000**	498,000
Amounts paid for repayment of short term debenture	**(500,000)**	—
Interest paid	**(29,400)**	(1,515)
Dividend paid to minority interests of subsidiaries	**(12,249)**	(12,120)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**16,351**	234,365
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,348,734)**	(67,169)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**2,158,841**	1,350,975
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**810,107**	1,283,806

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2013

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, the PRC. 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 principally operates hypermarkets, everyday shops and convenience stores.

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 to be published by the Board on 21 August 2013.

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 condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

2. Basis of Presentation (continued)

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures;
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle; and
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 17.

3. Segment Information

The Group is principally engaged in the operations of hypermarket, everyday shops and convenience stores 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 recognised by the Group for the six months ended 30 June 2013 are as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of goods	**8,486,490**	7,625,398
Other revenues		
Rental income from leasing of shop premises	**277,191**	241,703
Income from suppliers, including store display income and promotion income	**792,879**	701,432
	1,070,070	943,135
Total revenue	**9,556,560**	8,568,533

5. Income Tax Expense

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The charge comprises:		
PRC income tax	**130,551**	136,595
	130,551	136,595

5. Income Tax Expense (continued)

The tax charge for the six months ended 30 June 2013 can be reconciled to the consolidated statement of comprehensive income as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**490,616**	498,026
Taxation at the PRC income tax rate of 25%	**122,654**	124,507
Tax effect of share of profit of associates and a jointly controlled entity	**(1,126)**	(1,025)
Tax effect of tax losses not recognised	**10,961**	17,993
Tax effect of income not subject to tax in determining taxable profit	**(1,938)**	(4,880)
Income tax for the period	**130,551**	136,595

6. Profit for the Period

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation for property, plant and equipment	**(71,234)**	(68,935)
Amortisation for leasehold improvements	**(67,133)**	(64,788)
Amortisation for prepaid lease payments	**(25,883)**	(28,703)
Amortisation for land use rights	**(2,271)**	(2,760)
Total depreciation and amortisation	**(166,521)**	(165,186)
Operating lease rentals in respect of rented premises	**(418,228)**	(348,235)
Staff costs (including directors' emoluments)	**(503,753)**	(429,892)
Share of tax of associates and a jointly controlled entity (included in share of profit of associates and a jointly controlled entity)	**(1,126)**	(1,025)

7. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (Six months ended 30 June 2012: Nil).

A final dividend of RMB0.21 per share (2011: RMB0.20 per share) for the year ended 31 December 2012 has been approved at the general meeting and was paid on 16 August 2013.

8. Earnings Per Share

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity owners of the Company	**340,059**	338,612
Weighted average number of shares for the purposes of basic earnings per share (shares)	**1,281,274,116**	1,281,274,116
Earnings per share — basic (RMB: Yuan)	**0.27**	0.26

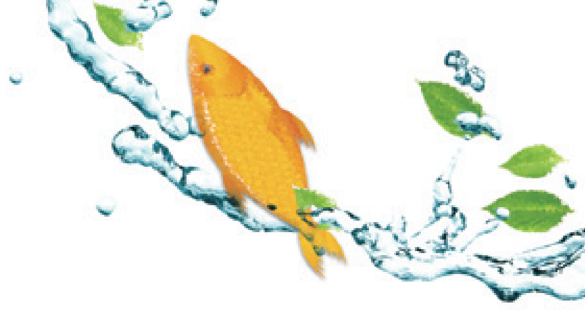
No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding during the two years.

9. Property, Plant and Equipment

For the six months ended 30 June 2013, the addition of furniture, fixtures and equipment of the Group was approximately RMB13,185,000 (Six months ended 30 June 2012: RMB34,155,000), the addition of leasehold improvements was approximately RMB188,799,000 (Six months ended 30 June 2012: RMB111,614,000) and the addition of land and buildings was nil (Six months ended 30 June 2012: RMB357,719,000).

10. Interests in Associates and a Jointly Controlled Entity

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost of investments in associates, unlisted	**108,089**	108,089
Share of post-acquisition profits, net of dividends received	**50,644**	49,417
Impairment of equity in associates, unlisted	**(12,265)**	(12,265)
	146,468	145,241
Cost of investments in a jointly controlled entity, unlisted	**100,000**	100,000
Share of post-acquisition profits (losses)	**2,874**	(402)
	102,874	99,598
	249,342	244,839



10. Interests in Associates and a Jointly Controlled Entity (continued)

As at 30 June 2013, 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 2013	 31 December 2012	Principal activities
Beijing Chao Shifa Company Limited	Established	PRC	Beijing, PRC	Ordinary	**25.03%**	25.03%	Operation of superstores
Beijing Chongwenmen Vegetable Market Supermarket Company Limited	Established	PRC	Beijing, PRC	Ordinary	**49%**	49%	Operation of superstores and mini-marts
Beijing Meiyijia Marketing Limited	Established	PRC	Beijing, PRC	Ordinary	**25%**	25%	Operation of design, production agency and distribution of advertisements in the PRC
Beijing New Life Investment and Development Company Limited	Established	PRC	Beijing, PRC	Ordinary	**49%**	49%	Operation of investment, real estate management

As at 30 June 2013, the Group had interests in the following jointly controlled entity:

Name of entity	Form of business structure	Place of incorporation/ operation	Registered capital	Proportion of registered capital held by the Group 30 June 2013	 31 December 2012	Proportion of voting power held 30 June 2013	 31 December 2012	Principal activities
			RMB'000					
Beijing Aoshikai Wumart Company Ltd.	Established	PRC	200,000	**50%**	50%	**50%**	50%	Operation of superstores

11. Trade and Other Receivables

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	**132,069**	85,675
Prepayments to suppliers	**250,349**	253,203
Deductible input value added tax	**371,243**	374,704
Rental deposits	**74,672**	78,666
Other receivables	**395,670**	244,729
	1,224,003	1,036,977

Trade receivables represent receivables from supply of merchandise to managed stores and retail sales customers. The average credit period is 30 to 60 days for receivables from supply of merchandise to 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 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0–30 days	**122,824**	81,192
31–60 days	**9,245**	4,483
	132,069	85,675

12. Amounts Due from/to Related Parties

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Amounts due from associates	**64,119**	59,982
Amounts due from a jointly controlled entity	**32,031**	63,602
Amounts due from subsidiaries of a Company's shareholder which has significant influence over the Company ("Company's Controlling Shareholder")	**59,377**	45,483
	155,527	169,067
Amount due to associates	**14,860**	12,757
Amount payable to subsidiaries of the Company's Controlling Shareholder	**24,960**	26,717
	39,820	39,474

The amounts due from associates, a jointly controlled entity and subsidiaries of the Company's Controlling Shareholder are all 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0–30 days	**77,764**	85,022
31–60 days	**37,326**	40,759
61–90 days	**27,995**	30,947
91–180 days	**12,442**	12,339
	155,527	169,067

13. Trade and Other Payables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Bill payables	**110,712**	141,345
Trade payables	**2,948,890**	2,944,745
Advances from customers	**1,439,618**	1,498,455
Deposits received from lessee	**329,978**	280,043
Rent accrual	**222,323**	261,333
Other payables	**490,251**	445,596
	5,541,772	5,571,517

The following is an aged analysis of bill payables and trade payables:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0–30 days	**2,740,770**	2,764,498
31–60 days	**229,470**	257,037
61–90 days	**30,596**	21,769
Over 90 days	**58,766**	42,786
	3,059,602	3,086,090

14. Loans

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Short term debenture — unsecured	**509,938**	524,500
	509,938	524,500

On 29 February 2012, the Company issued short term debenture of a principal amount of RMB500,000,000 through the lead underwriter, China Minsheng Banking Company Limited, with a maturity of one year and bearing fixed interest at 5.88% per annum. The principal and interest were repaid on 28 February 2013.

On 29 January 2013, the Company further issued short term debenture of a principal amount of RMB500,000,000, with a maturity of one year and bearing fixed interest at 4.77% per annum.

15. Loans in Associates

1 January 2013 RMB'000 (Audited)	Borrowed during the period	Repaid during the period	30 June 2013 RMB'000 (Unaudited)
—	60,000	—	60,000
—	60,000	—	60,000

On 28 April 2013, the Group obtained bank loans of principal amount of RMB60,000,000, which is issued by Beijing Bank and entrusted by Beijing Chongwenmen Vegetable Market Supermarket Company Limited with a maturity of three years and bearing fixed interest at 5% per annum. (At the end of 2012: Nil).

16. Deferred Taxation

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

	Impairment for deposit paid for acquisition of an associate RMB'000	Effective rent RMB'000	Tax losses RMB'000	Differences in accumulated depreciation RMB'000	Fair value adjustments on business combination RMB'000	Provisions for impairment loss RMB'000	Total RMB'000
At 1 January 2013 (Audited)	**4,582**	**85,105**	**17,781**	**5,014**	**(24,481)**	**3,458**	**91,459**
At 30 June 2013 (Unaudited)	4,582	85,105	17,781	5,014	(24,481)	3,458	91,459

16. Deferred Taxation (continued)

For the purpose of presentation of the condensed 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Deferred tax assets	**104,906**	104,906
Deferred tax liabilities	**(13,447)**	(13,447)
	91,459	91,459

At 30 June 2013, the Group had unused tax losses of approximately RMB383,590,000 (31 December 2012: RMB339,746,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB71,124,000 (31 December 2012: RMB71,124,000) of such losses. No deferred tax asset has been recognised in respect of the remainder of approximately RMB312,466,000 (31 December 2012: RMB268,622,000) due to unpredictability of profit for the future period.

17. Fair Value of Financial Instruments

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 June 2013 RMB'000 (Unaudited)			31 December 2012 RMB'000 (Audited)		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Financial assets at FVTPL						
— Held-for-trading investments	**100,000**	**1,289,188**	**1,389,188**	13,489	19,000	32,489

18. Commitments under Operating Leases

The Group as lessee

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

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	**801,216**	777,044
In the second to fifth year inclusive	**3,004,173**	2,957,670
Over five years	**7,130,818**	7,084,315
	10,936,207	10,819,029

The Group as lessor

At the end of the Reporting Period, the Group had contracted with tenants in respect of leasing of retail booths for the following future minimum lease payments:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	**462,582**	447,371

19. Capital Commitments

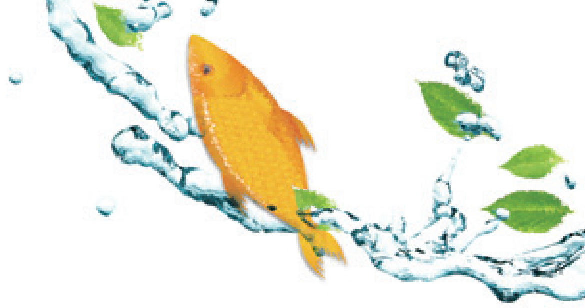
	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure in respect of the followings		
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	**157,414**	233,199
In respect of property, plant and equipment authorized but not contracted for	**178,576**	247,596

20. Related Party Transactions

Apart from the amounts due from and to related parties as disclosed in Note 12, during the Reporting Period, the Group had the following related party transactions:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods to associates	**75,055**	57,931
Sales of goods to a jointly controlled entity	**108,937**	110,197
Sales to subsidiaries of the Company's Controlling Shareholder	**82,656**	100,742
Service fee income received from subsidiaries of the Company's Controlling Shareholder in respect of merchandise delivery services	**2,480**	3,022
Service fee income received from associates and a jointly controlled entity in respect of merchandise delivery services	**654**	661
Management fee income received from subsidiaries of the Company's Controlling Shareholder	**107**	160
Rental expense paid to a subsidiary of the Company's Controlling Shareholder	**7,466**	5,221
Loans in associates	**60,000**	—

Management Discussion and Analysis



Financial Review

Total Revenue

During the Reporting Period, the Group recorded total revenue of approximately RMB9,556,560,000, increasing by approximately 11.5% over the corresponding period of 2012. Excluding the sale of merchandises to managed stores and related companies at cost, total revenue increased by approximately 12.4% as compared to the corresponding period of last year. The continuous rapid growth in the total revenue of the Group was mainly attributable to growth in comparable store sales and the revenue contribution from newly-opened stores.

During the Reporting Period, comparable store sales of the Group increased by approximately 3.8% as compared to the corresponding period of last year. The Group strived to enhance quality of fresh foods and service delivery of outlets by consistently strengthening the Farm-Supermarket links, deepening direct procurement from production bases, exploring technologies in fresh food processing and implementing precise management. Meanwhile, it made great effort in fostering optimised management in product categories, raising store operational standard and improving store image and shopping environment so as to improve customer satisfaction on an ongoing basis, which in turn stabilised customer flow, increased customer sales value per transaction and promoted growth of store sales.

Consolidated Gross Profit and Consolidated Gross Margin

During the Reporting Period, the Group's consolidated gross profit amounted to approximately RMB1,902,086,000, representing a growth of approximately 12.3% from RMB1,693,737,000 for the corresponding period of 2012. Consolidated gross profit margin was 19.9%, representing an increase of 0.1 percentage point from 19.8% recorded for the corresponding period of 2012. Excluding the sale of merchandises to managed stores and related companies at cost, consolidated gross profit margin would have been 20.7% for the Reporting Period, which is comparable to that of 2012.

Distribution and Selling Expenses and Administrative Expenses

Administrative expenses, distribution and selling expenses mainly consisted of labour expenses, rental expenses, depreciation and amortisation as well as utilities charges.

During the Reporting Period, distribution and selling expenses and administrative expenses of the Group amounted to approximately RMB1,348,307,000 and RMB234,247,000, representing approximately 14.1% and 2.5% of total revenue, respectively (2012: RMB1,154,178,000 and RMB187,783,000, representing approximately 13.5% and 2.2% of total revenue, respectively). Such increase in the proportion was primarily attributable to the increase in labour expenses and rental expenses of newly opened stores as a proportion to total revenue.

Finance Costs

During the Reporting Period, finance costs of the Group amounted to approximately RMB15,338,000, representing a growth of 35.6% from RMB11,315,000 for the same period of 2012. This is primarily because provisions for interest expenses had only been made for four months during the first half of 2012 due to issuance by the Company at the end of February 2012 of short term debenture which were due at the end of February 2013. During the Reporting Period, the Company newly issued short term debenture at the end of January 2013 and thus interest expenses increased as compared to last year.

Net Profit and Net Profit Margin

During the Reporting Period, net profit attributable to owners of the Group was approximately RMB340,059,000, representing a 0.4% growth over approximately RMB338,612,000 recorded for the same period of 2012. During the Reporting Period, the Group's net profit margin was approximately 3.6%. Excluding the sales of merchandise to managed stores and related companies at cost, net profit margin was 3.7%, which was 0.4 percentage points lower as compared to 4.1% for the same period of 2012.

Liquidity and Financial Resources

During the Reporting Period, net cash flow generated from operating activities amounted to approximately RMB219,573,000, representing a decrease of RMB183,455,000 from RMB403,028,000 recorded for the corresponding period of 2012. As at 30 June 2013, the Group had cash and bank balances of approximately RMB810,107,000.

As at 30 June 2013, the Group had non-current assets of approximately RMB5,236,394,000, which mainly included property, plant and equipment of approximately RMB3,549,334,000, goodwill of approximately RMB844,964,000 and aggregate interests in associates and a jointly controlled entity of approximately RMB249,342,000.

As at 30 June 2013, the Group recorded current assets of approximately RMB5,135,817,000, which mainly comprised cash and bank balances of approximately RMB810,107,000, inventories of approximately RMB1,090,523,000, trade and other receivables of approximately RMB1,224,003,000, and amounts due from related parties of approximately RMB155,527,000.

As at 30 June 2013, the Group recorded current liabilities of approximately RMB6,508,126,000, which mainly comprised trade payables of approximately RMB5,541,772,000, loans of approximately RMB509,938,000 and dividend payable of approximately RMB269,068,000.

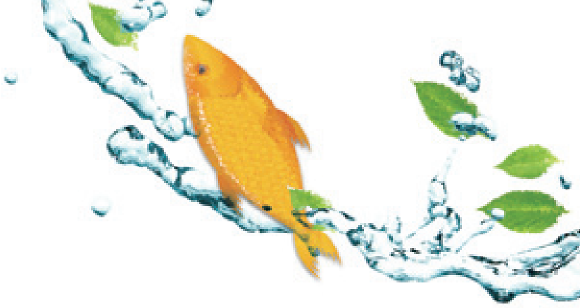
As at 30 June 2013, the Group recorded net current liabilities of approximately RMB1,372,309,000.

During the Reporting Period, the Group's average trade payable turnover and inventory turnover were approximately 71 days and 26 days respectively, and approximately 73 days and 28 days for the corresponding period of 2012, respectively.

Capital Structure

The Group's loans, cash and cash equivalents are mostly denominated in RMB. The principal amount of short term debenture payables of the Group as at 30 June 2013 was RMB500,000,000 and shall be repayable within one year with a fixed rate of 4.77% per annum. As at 30 June 2013, the remaining amount of loans in associates of the Group was RMB60,000,000, with a maturity of three years and bearing fixed interest at 5% per annum.

The Group also held open-end funds and financial products operated by the banks and financial institutions. The fair value of funds and financial products were determined based on the price quoted by banks and financial institutions. As at 30 June 2013, the book value of the funds and financial products held by the Group amounted to RMB100,000,000 and RMB1,289,188,000, respectively. Currently, the Group is not using any hedging instruments.



Gearing Ratio

As at 30 June 2013, gearing ratio of the Group was 13.5%. The gearing ratio was calculated by the total borrowings divided by the total equity as at the end of the Reporting Period.

Pledge of Assets

As at 30 June 2013, leasehold land and buildings with a carrying amount of approximately RMB214,751,000 (2012: RMB217,847,000) have been pledged to secure general bank loans granted to the Group.

Material Acquisition and Disposal

During the Reporting Period, the Group had no material acquisition or disposal.

Contingent Liability

As at 30 June 2013, the Group had no significant contingent liability.

Foreign Exchange 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 and its liquidity had not been affected as a result of fluctuations in exchange rates.

Business Review

Expansion of retail network

The Group further penetrated in Beijing, Tianjin, Hebei and Zhejiang markets under persistent implementation of the national expansion strategy with regional focus during the Reporting Period. As at 30 June 2013, we had a retail network of 541 stores (30 June 2012: 529 stores) comprising 145 superstores and 396 mini-marts, which were either directly operated or operated and managed through Franchise Agreement and Entrusted Operation and Management Agreement (2011) entered into 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 777,167 square metres, excluding stores operated by associates and under franchise.

During the Reporting Period, 7 directly-owned new superstores were opened while 3 were closed down or temporarily closed down due to demolition and relocation. For mini-marts, 21 directly-owned new stores were opened while 6 were closed down due to demolition and relocation or expiry of lease. For franchised stores, 6 new stores were opened while 21 were closed down. For managed superstores, the cooperation with 1 managed mini-mart was terminated.

Stores operated and managed by the Group, its associates and a jointly controlled entity (except the stores of Chao Shifa) as at 30 June 2013 were as follows:

	Number of Superstores	Number of Mini-marts	Total	Distribution
Directly-owned	142	297	439	Beijing, Tianjin, Hebei, Zhejiang
Franchised		65	65	Zhejiang
Managed	3	34	37	Tianjin, Shanghai
Total	**145**	**396**	**541**	

Establish core competitiveness of fresh products through integration of operation, procurement and distribution resources

In order to continue to strengthen the leading role of fresh food and enhance its operational capability of fresh food such as vegetables and fruits, prime meat, seafood, dry goods, cooked food and bakery, during the Reporting Period, the Group established the "fresh food business unit" so as to integrate its operating, procurement and distribution resources for fresh products. Focusing on upgrade of operating technology and optimization of operation model, all segments including product mix, pricing strategy, precise ordering, distribution of standardized packing, timely replenishment, refined display, graded sales, profit generation by scaled sales etc., were renovated. During the Reporting Period, the Group achieved impressive results with a comparable year-on-year growth of sales and consolidated gross profit of fresh food of 13.9% and 20.9%, respectively.

In terms of fruits and vegetables operation, the Group continued to promote its "3+1" business model of "wholesale market opportune products, bulk-volume purchase of merchandises at production bases, seasonal products + branded consignment operation". At present, the Group has conducted highly effective Farm-Supermarket Links in hundreds of Agricultural Cooperatives across over 10 provinces and cities. It has also developed a mobile application platform for information management of fresh merchandises, thereby combining the procurement between production bases and wholesale market. The information of merchandise procurement at production bases and ordering process were simplified and regulated to enhance the level of management by headquarters on procurement of merchandises at production bases. Building upon its strengths in procurement from production bases, the Group unified the planning of the proportion of seasonal products to various merchandise in order to improve its gross profit structure and raise the competitiveness of its products. Meanwhile, it actively explored and stepped up its effort in researching technology in respect of the processing of fresh products, and sought to upgrade the technological expertise in procurement, storage and shipment for those fresh items which are vulnerable to storage and shipment, particularly leaf-based veggies, tropical fruits, seafood and prime meat, etc., so as to ensure the freshness of the fresh food products, and shortened two-third of the operating time of the supply chain through optimization of operation model. Fresh areas in some of the outlets underwent change of layout, replacement of equipment and deployment of human resources, which generally laid a strong foundation for operation and management of stores for fresh products, improving both the store conditions and service standards.

While strengthening its leading role of vegetables and fruits, the Group promoted a balanced enhancement of competitiveness of its prime meat, seafood, cooked food, dry goods and bakery, thereby achieving transition from "Dual Drive" of fruits and vegetables to "Quad Drive" of fruits, vegetables, prime meat and seafood.

Growing into a technologically innovative retail enterprise by continuous optimization of information system in full scale

During the Reporting Period, focusing on establishment of the"Technological Excellence" philosophy of Wumart, the Group continued to optimize its information system in terms of supply chain, management of staff performance, value-added services, so to enhance its management efficiency and grow into a technologically innovative retail enterprise.

In order to enhance the efficiency and accuracy of the current logistic management system which supports our cross-docking operation, during the Reporting Period, the Group completed the upgrade of its supply chain system in full scale. The Group cooperated with SAP Company in Germany and implemented the WINBOX@EWM (Extend Warehouse Management) project. This system supported various format of delivery, various logistic models and various selection methods and realized seamless integration of professional logistic equipment including transmission lines, sorting machines, electronic labels, wireless RF terminal, thereby creating highly efficient synergy between warehouse operation and transportation vehicles. It also developed its own order tracking technology to support transparency of the supply chain system. This technology provided the staff members at stores who placed orders with order tracking services, including supplier's delivery time of goods, sorting volume of the distribution centre, time of shipment, time required for transportation and vehicles, etc.. GPS position tracker was also installed on transportation vehicles to ensure smooth flow of information among stores, distribution centre and suppliers, thereby increasing the accuracy of orders and timeliness of delivery.

During the Reporting Period, the Group also realized full launch of the enterprise performance management system. The new system can analyse and consolidate operational budgets and real-time data more accurately in a timely manner, realizing automation of monthly operational budget analysis, cash flow budget analysis and tax budget analysis. The amount of manual work was reduced significantly and the efficiency in issuing monthly operation statements has improved by nearly 8 hours.

As an important innovation of a mobile network-based new media e-marketing instrument, during the Reporting Period, the Group has developed and officially launched "Wumart Offers (物美樂惠)", a mobile phone APP for members, further enhancing the Group's combined competitiveness in marketing business. The system provided members with several services such as online browsing of promotional posters and coupons for downloading, bonus points checking, enquires about shops nearby and balance of Meitong Prepay Cards (美通卡), etc. The store check-out efficiency was effectively enhanced by using QR codes to display information of membership cards and coupons in form of graphics.

Comprehensively enhance the efficiency of the supply chain through successful launch of WINBOX@EWM system

Benefiting from the launch of WINBOX@EWM system, as well as measures such as optimization of various procedures, rationalization of operation standards, continuous training and in-depth inspections, during the Reporting Period, each of the segments along the supply chain achieved better coordination. The planning, transparency, accuracy of booking and operation, and timeliness of delivery were further enhanced, which has also enhanced the recognition by suppliers and stores.

The business volume of the distribution centre in the Northern China increased by 43% compared to the corresponding period of 2012. The maximum receipt and delivery record per day reached 600,000 cartons and 500,000 cartons, respectively. Number of merchandise delivered to several large-scale supermarkets by means of cross-docking and "within-warehouse" mode amounted to 24,000 items and 3,500 items, respectively. The radius of distribution reached approximately 300 km, effectively supporting the rapid expansion of the Group in Beijing, Tianjin and Hebei areas. The revenue from supply chain increased by 32.9% compared to the same period last year.

Sustained marketing innovation to ensure stable customer traffic and promote sales growth

During the Reporting Period, the Group rationalized the information on its commercial circle and stepped up its effort in management of promotion prices with its innovative marketing model, with a view to pursue its principal goal of ensuring stable customer traffic and promoting sales growth. It also aimed to increase the number of active members, enhance its brand image and price image, and greatly increase the recognition of its Wumart brand among consumers.

During the Reporting Period, the Group focused on increasing the number of active members by conducting analysis on members' shopping behaviour and rolling out membership marketing activities such as promotional items for members, bonus points redemption, which has attracted more customers to become our members. The Group jointly launched the "Wumart Dragon Card (物美龍卡)", a joint membership card which bears both functions of a Wumart membership card and a bank credit card, with the China Construction Bank Beijing Branch ("CCB"). The marketing campaign was jointly formulated by both parties. Holders of this card may enjoy both members' bonus points of Wumart and credit card bonus point of CCB upon purchase at Wumart. This arrangement effectively increased the number of new members and enhanced member loyalty.

Facing the intensive competition in the retail market, the Group continued to adhere to its innovative marketing model and achieved excellent results. For instance, the "$20 discount for every $100 purchase (滿百減二十)" 13th anniversary celebration of hypermarket jointly held with suppliers in April 2013, attracted participation of a large number of customers; Established the "outlet" marketing model through the big sale of a number of branded apparels such as "Li-Ning", "TOREAD", "KAPPA Sport", "Telent Outdoor" and "Geo Down", satisfying the purchase demand of consumers from different levels and bringing meaningful returns to the Group at the same time.

Enhancing the level of standardization of our operation by continuously improvement of basic operational processes

In order to meet customer's demand, the Group continued to optimize the shopping environment of its stores. Some of its stores underwent upgrade and renovation to enhance the capability to retain customers. Meanwhile, the Group fully enhanced the standard of its store operation management, and further refined its management over basic operational processes in various aspects, including price labels standards, promotion display standards, check-out speed, inventories, replenishment rate, etc.. Meanwhile, the Group strengthened its daily check management and established a four-level inspection system of "Joint Inspection-Inspection at Director Level-Regional Inspection-Store Self-inspection" based on the unified inspection standards. Inspection training was also conducted and provided to cadres and staff, so to ensure the results and quality of the inspections, thereby enhancing the level of operational services of stores in all aspects through stringent inspections.

During the Reporting Period, with support from R2 space management system, RF scanning equipment and SAP sales analysis system, the Group continued to promote automatic replenishment to enhance automatic replenishment rate and management level of irregularities in store inventory. The average daily items that were automatically replenished in superstores reached 70%, representing 43% of sales amount. The average daily items that were automatically replenished in mini-marts reached 87%, representing 54% of sales amount. Irregularities in store inventory reduced by 11%. All of these laid a solid foundation for the further enhancement of space management and category management. At the same time, labour cost was reduced through trial run of the inventory management department at the headquarters verifying the replenishment order on the SAP systematic order instead of the stores.

Optimization of product mix and change of procurement model

Increasing merchandising capability is the core of store operation. Our goal is to provide consumers with high-quality merchandise at a low price and create greater value for the Company. During the Reporting Period, the Group continued to refine its product mix and deployment of merchandise, and optimize its procurement model.

During the Reporting Period, capitalizing on its scale advantages, the Group reduced cost of merchandise through renegotiation. Leveraging upon its logistics advantages, the Company has continuously sought to procure promotional merchandises from origin through tendering from source suppliers of merchandise, thereby realizing direct supply from manufacturers instead of supply from distributors for certain branded merchandises. The aforesaid measures have enabled the Group to operate in a more professional manner and enhance the efficiency in cooperation with its suppliers, thus driving the sales, reducing purchase cost and as a result, increasing gross profit.

Strengthen construction of training and appraisal system, diversify recruitment channels and accelerate optimization of organizational models

Facing the challenging condition of increasing labour cost in the retail sector, the Group commenced working on a number of aspects during the Reporting Period, mainly focusing on diversification of recruitment channels, strengthening of training, streamline of structure of its headquarters and stores as well as construction of the appraisal system , so as to meet the increasing needs for talents for the sustainable development of the Group.

During the Reporting Period, the Group optimized its internal talent pool and further expanded the external recruitment pool. In order to further optimize the construction of its talent team and the promotion incentive mechanism for cadres, the Group has revised its performance appraisal proposal.

During the Reporting Period, the Group's Development and Training Institute focused on strengthening the construction of training system. Leveraging upon the network-based three-level training system of "Development and Training Institute — Regional Training Demonstrative Store — Store" and the combination of online and offline mode, the Group has realized its goal of staff training at all levels, standardized training and regular training. During the Reporting Period, the Group has organized 214 face-to-face training sessions on various topics, completing training mission of 5,503 training hours and attracting 8,895 participants. Such training sessions comprised "Hundred Talent Program" for management level, trainings for newly-admitted staff of headquarters and stores, management of headquarters and management trainees as well as fresh product specialty training.

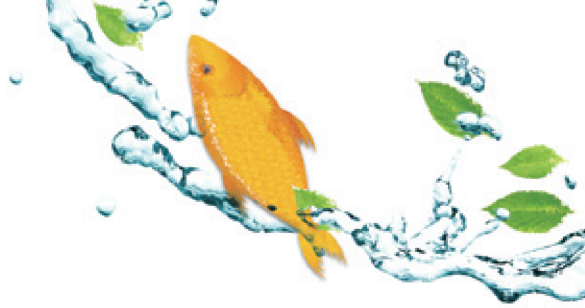
During the Reporting Period, the Group streamlined the organizational structure of stores. Through rational study on responsibilities of each position, staffing, rostering and processes, the Group has clearly segregated responsibilities of each position and enhanced operating efficiency to effectively control over the increase of labour cost.

On top of the aforesaid work, the Group has revised the appraisal proposals of each of the operating units during the Reporting Period by adhering to four major principles namely ample reward but light penalty, simplicity, policy-oriented and performance communication. The centralized computation of the performance bonus has realized the process control by the headquarters and reduced workload of the stores, thereby increasing the accuracy of the computation of the bonus.

Increased management standard and stringent control on food safety

During the Reporting Period, the Group continued to strengthen the construction of the food quality and safety standard system by further streamlining, revising and optimizing the relevant standardized process of quality management. The Group has also established a standard hygiene process for fresh food, which is the key category of the Group. Based on this, the headquarters' food quality and safety management department and the Development and Training Institute have jointly provided "Food Safety Inspection and Requirements on Hygiene of Fresh Products" training to store managers of fresh product department and customer service managers and trainings on quality management and inspection of product quality and safety to the store customer service department and warehouse supervisors. It has also collaborated with the third party companies to conduct monthly inspection on food safety at its store.

In order to secure food quality and safety at the store level, the Group's food quality and safety management department attached great attention to any incidents related to food safety reported by the media and proactively conducted investigation and implemented prevention measures internally. With respect to the amended clause under the state's regulations, the Group implemented internal quick inspection and stringent treatment. Stores conducted self-inspection on a weekly basis in accordance with the "Food Safety Inspection Schedule" provided by the headquarters. Meanwhile, the headquarters conducted on-site inspection and provided trainings to raise food safety awareness, increase accountabilities and enhance working skills of our store staff and the level of standardization of food safety management at stores.



Actively undertake social responsibilities by making strenuous effort to promote energy saving and emission reduction

During the Reporting Period, the Group actively responded to the NDRC's call for energy saving and emission reduction by using a large number of new equipment and facilities which are energy saving and may reduce consumption in newly opened and renovated stores. For example, LED lamps were used as for illumination at outlets and LOGO outdoor, reaching a reduction of 45% in energy consumption. Replacement of the original large-sized freezer with parallel compressor by new and vertical-cooling integrated freezer has reduced electricity consumption by 40%. All freezers in newly opened stores were covered up, saving 20% of electricity consumption as compared to uncovered equipment. The Group re-tendered equipment such as ice-making machine in processing workshop to adopt low-power and low consumption electrical appliances without affecting the normal standard of usage by the store. Through the aforesaid measures, the Group was able to reduce its electricity cost of stores significantly while actively undertaking social responsibility.

PROSPECTS

During the first half 2013, the retail sector experienced intensified competition. The retailers were facing complicated and profound adjustments and changes. We are going to begin a new journey amid this severe and changing market environment.

The Group will continue to consolidate its core competitive position in Beijing by competing in Beijing and developing into Beijing suburban areas. Meanwhile, it will further increase its effort in expanding in Tianjin and Eastern China. The Group will target at fresh food operation as its long-term strategic development approach and continue to fully enhance its leading position in the general operation and development. It will fully optimize a procurement system applicable to the Group's development and standardize its operation and services in a meticulous and practical manner with focus on sales and marketing. The Group will strengthen product mix and space management and construct a highly efficient logistics system and will establish a first-class team by internal promotion of cadres and recruitment of exceptional talents, thus increasing its core competitiveness and operation management level in a down-to-earth manner.

The Group believes that it will be able to overcome new challenges while maintaining its competitive position and continue to create greater value for shareholders after going through reforms and market challenges leveraging on its own strengths and continuous effort.

Other Information

Share Capital

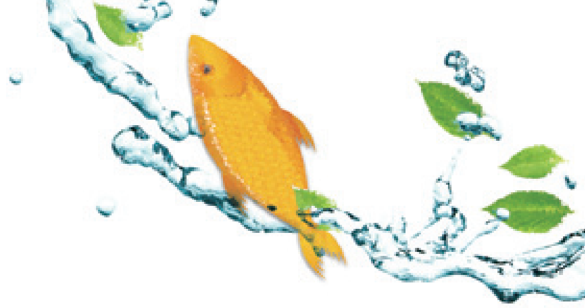
As at 30 June 2013, the structure of share capital of the Company was as follows:

Name of shareholders	Class of shares	Number of shares (shares)	Percentage of total share capital (%)
Wumei Holdings, Inc. ("Wumei Holdings")	Domestic shares	497,932,928	38.86
	H shares	1,375,000	0.11
Beijing Wangshang Shijie E-business Co., Ltd. ("Wangshang Shijie E-business")	Domestic shares	160,457,744	12.52
Zhang Bin*(Note 1)*	Domestic shares	24,982,300	1.95
Hony Capital RMB I, L.P.	Domestic shares	23,619,364	1.84
Beijing Toma Wangluo Technology Co., Ltd.*(Note 2)*	Domestic shares	23,269,228	1.82
Legend Holdings Limited	Domestic shares	7,306,752	0.57
Beijing Shuangchen Express Co., Ltd.	Domestic shares	7,137,800	0.56
Wealth Retail Holding	H shares	25,000,000	1.95
Fit Sports Limited	H shares	5,000,000	0.39
Other public	H shares	505,193,000	39.43
Total share capital		1,281,274,116	100

Notes:

1. Pursuant to the equity transfer agreement dated 16 February 2013 entered in to by Beijing Hekang Youlian Technology Co., Ltd. ("Hekang Youlian") and Mr. Zhang Bin, Hekang Youlian has transferred 24,982,300 domestic shares of the Company held by it to Mr. Zhang Bin.

2. Pursuant to the equity transfer agreement dated 16 February 2013 entered in to by Beijing Junhe Youlian Technology Co., Ltd. ("Junhe Youlian") and Beijing Toma Wangluo Technology Co., Ltd. ("Toma Wangluo"), Junhe Youlian has transferred 23,269,228 domestic shares of the Company held by it to Toma Wangluo.



Directors', Supervisors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 30 June 2013, 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 pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 of the Listing Rules were as follows:

	Number of domestic shares held (shares)	**Percentage of domestic share capital** (%)	**Percentage of total share capital** (%)	**Type of interests**
Dr. Wu Jian-zhong*(Note)*	160,457,744	21.55	12.52	Interests in controlled corporation

Note: Dr. Wu Jian-zhong holds 70% of the share capital of 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.

Save as disclosed above, to the best knowledge of the directors, as at 30 June 2013, none of the directors, supervisors and chief executive of the Company 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 recorded in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 30 June 2013, 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 2013, the interests or short positions of persons other than directors, supervisors and chief executive of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO were as follows:

Holders of domestic shares of the Company

Name	Number of domestic shares held (shares)	Percentage of domestic share capital (%)	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 Commercial(Note 3)	497,932,928	66.86	38.86
Wangshang Shijie E-business	160,457,744	21.55	12.52

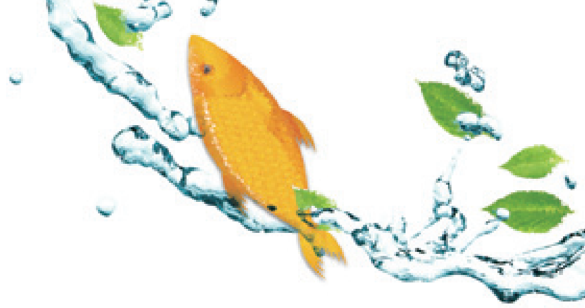
Notes:

1. Beijing Jingxi Guigu Technology Company Limited ("Jingxi Guigu") is owned as to 100% 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 30 June 2013, Yinchuan Xinhua Commercial (Group) Co., Ltd. ("Xinhua Commercial") 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 Commercial, Wumei Holdings is entitled to control the exercise of one-third or more of the voting power at general meetings of Xinhua Commercial 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 Commercial subsequent to the completion of the share transfer agreement. As at 30 June 2013, the conditions precedent to the aforesaid share transfer agreement taking effect were yet to be satisfied.

3. According to the share transfer agreement entered into between Wumei Holdings and Xinhua Commercial, approximately 66.86% of the domestic shares of the Company would be held by Xinhua Commercial directly upon completion of such transaction under such agreement. As at 30 June 2013, the share transfer agreement is not yet completed. On 16 January 2009, Xinhua Commercial 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 Commercial would re-convene a board meeting in due course to consider the said share issue.



Holders of H shares of the Company

Name	Number of H shares held (shares)	Percentage of total H share capital (%)	Percentage of total share capital (%)
JPMorgan Chase & Co.(Note 1)	116,006,755	21.62	9.05
T. Rowe Price Associates, Inc. and its affiliates(Note 2)	59,517,906	11.09	4.65
Prudential plc(Note 3)	53,672,637	10.00	4.19
Capital Research and Management Company(Note 4)	49,009,000	9.13	3.83
Massachusetts Financial Services Company ("MFS")(Note 5)	48,292,000	9.00	3.77
Sun Life Financial, Inc. ("SLF")(Note 6)	48,292,000	9.00	3.77
The Capital Group Companies, Inc.(Note 7)	47,473,000	8.85	3.71

Notes:

1. Including long position of 649,000 H shares held by JPMorgan Chase & Co. in its capacity as a beneficial owner, long position of 51,606,000 H shares as an investment manager and long position (lending pool) of 63,751,755 H shares as a trustee company/approved lending agent.

2. Long position of these 59,517,906 H shares are held by T. Rowe Price Associates, Inc. and its affiliates in its capacity as a beneficial owner.

3. Long position of these 53,672,637 H shares are held by Prudential plc through its interest in a series of controlled corporations and in its capacity as interest of corporation controlled by the substantial shareholder.

4. Long position of these 49,009,000 H shares are held by Capital Research and Management Company in its capacity as an investment manager.

5. Long position of these 48,292,000 H shares are held by Massachusetts Financial Services Company through a series of controlled corporations and in its capacity as an investment manager.

6. Long position of these 48,292,000 H shares are held by Sun Life Financial, Inc. through a series of controlled corporations and in its capacity as an investment manager.

7. Long position of these 47,473,000 H shares are held by The Capital Group Companies, Inc. through its interests in Capital Research and Management Company and in its capacity as interest of corporation controlled by the substantial shareholder.

Save as disclosed above, no person (other than directors, supervisors and chief executives) had any interests or short positions in any shares or underlying shares of the Company required to be recorded in the register to be kept under Section 336 of the SFO.

Corporate Governance CODE

For the Reporting Period, the Company had been in compliance with the code provisions set out in "Corporate Governance Code" contained in Appendix 14 of the Listing Rules, and had adopted most of the recommended best practices as set out therein.

Audit Committee

The audit committee of the Company has reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2013.

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 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 enquiries to all directors and supervisors, all of them confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

Employees and Remuneration Policies

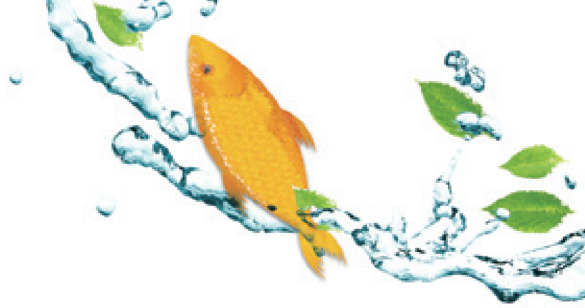
As at 30 June 2013, the Group had a full-time headcount of 24,187 and part-time headcount of 7,592.

Remunerations of executive Directors and Staff-representative supervisors of the Company are, as approved by shareholders on general meetings of the Company, determined by the Board based on the management positions of the respective persons in the Group. Remuneration of independent non-executive Directors and external supervisors are considered and approved by shareholders on general meetings of the Company. Non-executive directors do not take up any management role in the Group nor do they receive any salary in the Group.

For senior management and staff with special expertise of the Company, a competitive strategy is adopted, with their total remuneration pegged against prevailing salary level in the labour market, management responsibilities, individual performances and the Company's profitability; for mid-level management and other employees, remunerations are determined based on the relative importance of the positions held and the responsibilities shouldered by the positions as well as other factors. Income improvements are facilitated through the provision of training programmes, promotion opportunities and broader prospects in career promotion and development and enhancement in efficiency, in addition to competitive remuneration packages. For other employees, remunerations are determined based on the categories of the employees concerned and the nature of their respective work, as well as personal performance and performance of the Group. The Company pays housing funds and social security fund on behalf of employees on a monthly basis, according to the relevant national and local laws and regulations on labour affairs and social security. In particular, social security funds include pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance etc.

Interim Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2013.



Competing Interests

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

The Group operates its supermarket chain business in Beijing, Tianjin, Hebei and Zhejiang. Except the Tianjin region, there is no direct competition between the Group and Wumei Holdings due to the absence of similar business in the same regions. The Company entered into the non-competition agreement and the trademark licensing agreement with Wumei Holdings on 29 October 2003 to avoid potential competition. On 5 May 2011, the Company entered into Entrusted Operation and Management Agreement (2011) with Wumei Holdings and the Group shall 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 Agreement (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.

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

Beijing, the PRC

21 August 2013