

天天价廉 永远物美



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

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Company Information

Board of Directors

Executive Directors

Madam Xu Ying (*President*)
Mr. Xu Shao-chuan (*COO*)
Dr. Yu Jian-bo (*COO*)

Non-executive Director

Dr. Meng Jin-xian (*Chairman*)

Independent Non-executive Directors

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

Senior Management

Mr. Chong Xiao-bing
(*Vice President*)
Mr. Zhang Yu
(*Executive Director of
Finance Department*)
Mr. Guo Tu-wei
(*Director of Data Management
Centre and Director of Assets
Management Department*)

Joint Company Secretary

Madam Wang Yi
Dr. Liu Wei

Audit Committee

Mr. Li Lu-an (*Chairman*)
Dr. Meng Jin-xian
Mr. Lu Jiang

Remuneration Committee

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

Nomination Committee

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

Authorized Representatives

Madam Xu Ying
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 Minsheng Bank
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 8039, 8th Floor, Building 3
Court No. 30, Shixingdajie
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

Interim Results Highlights

For the six months ended 30 June

	2015	2014	Change
	RMB'000	RMB'000	
Total revenue ^(Note 1)	11,679,594	10,433,025	11.9%
Consolidated gross profit ^(Note 2)	2,265,224	2,121,865	6.8%
Profit before tax	361,526	421,425	-14.2%
Profit attributable to owners of the Company	246,984	306,661	-19.5%
Comparable store sales growth rate ^(Note 3)	4.2%	0.9%	Increased by 3.3 percentage points
Trade payable turnover days	71 days	72 days	Decreased by 1 day
Inventory turnover days	27 days	28 days	Decreased by 1 day

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 30 June 2015 and 1 January 2014.

Unaudited Interim Consolidated Financial Information

Interim Results Report 2015 (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 2015 (the “Reporting Period”).

Interim Financial Statements 2015

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015 and the corresponding period in 2014

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue from sales of goods	4	10,265,654	9,211,930
Cost of sales		(9,414,370)	(8,311,160)
Gross profit		851,284	900,770
Other revenues	4	1,413,940	1,221,095
Investment and other income	5	225,744	207,992
Distribution and selling expenses	6	(1,792,111)	(1,631,857)
Administrative expenses	6	(342,585)	(276,084)
Share of profit of associates		4,214	1,925
Share of profit of a joint venture		2,669	2,646
Finance costs	7	(1,629)	(5,062)
Profit before tax		361,526	421,425
Income tax expense	8	(102,235)	(100,571)
Profit and total comprehensive income for the period	9	259,291	320,854
Profit and total comprehensive income for the period attributable to the following			
Owners of the Company		246,984	306,661
Minority interests		12,307	14,193
Basic earnings per share (RMB yuan per share)	11	0.19	0.24

Condensed Interim Consolidated Statement of Financial Position

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	3,852,465	3,632,527
Rental deposits		252,754	205,405
Prepaid lease payments		195,281	96,459
Goodwill		793,879	793,879
Intangible assets		70,861	77,910
Interests in associates	13	156,913	152,699
Interests in a joint venture	13	101,265	98,596
Deferred tax assets	21	153,985	153,985
Deposit paid	14	255,445	255,445
Loan receivables	15	193,440	189,600
		6,026,288	5,656,505
Current Assets			
Inventories		1,306,548	1,484,974
Loan receivables	15	46,500	46,500
Trade and other receivables	16	1,176,961	1,436,791
Amounts due from related parties	17	127,603	140,255
Prepaid lease payments		168,665	42,457
Held-for-trading investments		63,500	92,000
Cash and deposits with central bank	18	10	0
Deposits with banks and non-bank financial institutions	18	709,366	0
Restricted bank balances		1,506,181	1,277,402
Bank balances and cash		2,219,193	2,187,761
		7,324,527	6,708,140
Current Liabilities			
Trade and other payables	19	7,382,625	7,132,567
Amounts due to related parties	17	30,164	17,897
Tax liabilities		130,265	160,411
Loans	20	1,506,300	1,000,000
		9,049,354	8,310,875
Net Current Liabilities		(1,724,827)	(1,602,735)
Total Assets less Current Liabilities		4,301,461	4,053,770
Capital and Reserves			
Share capital		1,287,544	1,287,544
Share premium and reserves		2,740,929	2,493,945
Equity attributable to owners of the Company		4,028,473	3,781,489
Minority interests		199,962	199,255
Total equity		4,228,435	3,980,744
Non-current Liabilities			
Loans in associates		60,000	60,000
Deferred tax liabilities	21	13,026	13,026
		73,026	73,026
		4,301,461	4,053,770

Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Equity attributable to owners of the Company								
	Share capital	Share premium	Other reserve	Incentive share 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	RMB'000
At 1 January 2014 (Audited)	1,281,274	745,018	(747,663)	0	398,128	2,030,407	3,707,164	185,807	3,892,971
Profit for the period	0	0	0	0	0	306,661	306,661	14,193	320,854
Shares in issue	6,270	22,760	0	0	0	0	29,030	0	29,030
Dividend paid to minority interests	0	0	0	0	0	0	0	(7,920)	(7,920)
Dividend payable by the Company	0	0	0	0	0	(321,886)	(321,886)	0	(321,886)
At 30 June 2014 (Unaudited)	1,287,544	767,778	(747,663)	0	398,128	2,015,182	3,720,969	192,080	3,913,049
At 1 January 2015 (Audited)	1,287,544	745,018	(747,663)	(4,842)	423,464	2,077,968	3,781,489	199,255	3,980,744
Profit for the period	0	0	0	0	0	246,984	246,984	12,307	259,291
Shares in issue	0	0	0	0	0	0	0	0	0
Dividend paid to minority interests	0	0	0	0	0	0	0	(11,600)	(11,600)
Dividend payable by the Company	0	0	0	0	0	0	0	0	0
At 30 June 2015 (Unaudited)	1,287,544	745,018	(747,663)	(4,842)	423,464	2,324,952	4,028,473	199,962	4,228,435

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	564,493	139,744
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(309,120)	(280,780)
Proceeds from disposal of property, plant and equipment	0	905
Decrease (increase) in restricted bank balances	(228,780)	114,702
Increase in held-for-trading investments	(28,500)	(1,440,391)
Cash received from investment income	45,598	27,574
NET CASH USED IN INVESTING ACTIVITIES	(520,802)	(1,577,990)
FINANCING ACTIVITIES		
Amounts paid for repayment of short term debenture	0	(500,000)
Amounts received from grant of incentive shares	0	29,030
Interest paid	(660)	(25,377)
Dividend paid to minority interests of subsidiaries	(11,600)	(7,920)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(12,260)	(504,267)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,432	(1,942,513)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,187,761	2,269,912
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	2,219,193	327,399

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended 30 June 2015

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 is principally engaged in the operation of 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 to be published by the Board on 21 July 2015.

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.

Except as described below, the accounting policies and basis of preparation used in the unaudited condensed consolidated interim financial statements are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 December 2014.

2. Basis of Presentation (continued)

Application of a new Interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

During the Reporting Period, the Group has applied, for the first time, the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of these condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(FRIC)-Int 21	Levies

Application of the above Interpretation and amendments to HKFRSs has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

The application of the above new Interpretation and Amendments to HKFRSs in the Reporting Period has had no material effect on the amounts reported and/or disclosures intended to be set out in these condensed consolidated financial statements.

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 recognised by the Group for the six months ended 30 June 2015 are as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue from sales of goods	10,265,654	9,211,930
Other revenues		
Rental income from leasing of shop premises	401,254	362,576
Income from suppliers, including store display income and promotion income	1,012,686	858,519
	1,413,940	1,221,095
Total revenue	11,679,594	10,433,025

5. Investment and Other Income

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Delivery service income	105,384	89,528
Government subsidies	4,855	8,809
Interest income	25,174	11,943
Wealth management returns	26,083	19,620
Penalty charge from suppliers	15,026	31,289
Income from sales of scrapped materials	6,491	8,085
Others	42,731	38,718
	225,744	207,992

Note: In August and September 2014, the Company issued bills receivable to a subsidiary amounting to RMB1,000,000,000 with a maturity of 6 months through Minsheng Bank. Those bills have matured in February and March 2015 respectively, with interest income on bill deposits of RMB15,400,000 included in the interest income for the six months ended 30 June 2015.

6. Selling Expenses and Administrative Expenses

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Distribution and selling expenses ⁽ⁱ⁾	1,792,111	1,631,857
Administrative expenses ⁽ⁱⁱ⁾	342,585	276,084
	2,134,696	1,907,941

Note:

- (i) The increase in distribution and selling expenses was mainly due to the increase in rental expenses, staff costs and promotion fees in respect of newly-opened stores;
- (ii) On 6 and 27 February 2015, the Company issued two tranches of bills receivable to a subsidiary each amounting to RMB500,000,000 with a maturity of 6 months through Bohai Bank secured by a bank deposit in an equivalent amount. On 6 and 27 February, such bills receivable were discounted by the subsidiary through Bohai Bank at the discount rates ranging from 3% to 4%, respectively. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 4% to 5%.

On 4 March 2015, the Company issued bills receivable to a subsidiary amounting to RMB500,000,000 with a maturity of 6 months through Minsheng Bank secured by a bank deposit in an equivalent amount. On 4 March, the bills receivable were discounted by the subsidiary through Minsheng Bank at the discount rate ranging from 2% to 3%. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 3% to 4%.

Discounted amount received in respect of the aforesaid bills receivable was included into loans by nature, and discounting fees of RMB26,507,000 in aggregate paid in February and March was charged to administrative expenses for the six months ended 30 June 2015.

7. Finance Costs

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Financial costs	1,629	5,062
	1,629	5,062

Note: In January 2013, the Company issued short term debenture of a principal amount of RMB500,000,000 with a maturity of 1 year through Minsheng Bank and repaid in January 2014. Interest expenses paid was charged to the financial costs for the period; there were no such interest expenses for this year as no new short term debenture was issued.

8. Income Tax Expense

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
The charge comprises:		
PRC income tax	102,235	100,571
	102,235	100,571

The tax charge for the six months ended 30 June 2015 can be reconciled to the consolidated statement of comprehensive income as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit before tax	361,526	421,425
Taxation at the PRC income tax rate of 25%	90,381	105,356
Tax effect of share of profit of associates and a joint venture	(1,721)	(1,143)
Tax effect of income not subject to tax in determining taxable profit	(88)	(1,773)
Tax effect of tax losses not recognised	22,852	5,524
Utilisation of tax losses previously not recognised	(9,189)	(7,393)
Income tax for the period ^(Note)	102,235	100,571

Note: Affected by the cyclicity of retail industry, the first quarterly results of certain stores were better than their profitability for the six months ended 30 June 2015, and the actual income tax paid for the first quarter was higher than that payable for the first half of the year. Meanwhile, the decline in the operating results of certain companies due to the overall economic environment led to the decrease in utilization of losses from the previous years. Therefore, due to those two factors mentioned above, the effective income tax rate recorded this year was higher than that of the corresponding period of last year.

9. Profit for the Period

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Depreciation for property, plant and equipment	(85,237)	(80,971)
Amortisation for leasehold improvements	(70,725)	(68,332)
Amortisation for prepaid lease payments	(42,488)	(41,049)
Amortisation for land use rights	(7,049)	(2,277)
Total depreciation and amortisation	(205,499)	(192,628)
Operating lease rentals in respect of rented premises	(601,500)	(521,505)
Staff costs (including directors' emoluments)	(745,120)	(696,387)
Share of tax of associates and a joint venture (included in share of profit of associates and a joint venture)	(1,721)	(1,143)

10. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (Six months ended 30 June 2014: Nil).

A final dividend for the year ended 31 December 2014 was RMB0 per share (2013: RMB0.25 per share).

11. Earnings Per Share

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

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company	246,984	306,661
Weighted average number of shares for the purposes of basic earnings per share (shares)	1,287,544,116	1,281,689,807
Earnings per share – basic and diluted (RMB: Yuan)	0.19	0.24

12. Property, Plant and Equipment

For the six months ended 30 June 2015, the addition of furniture, fixtures and equipment of the Group was approximately RMB93,550,000 (Six months ended 30 June 2014: RMB39,175,000), the addition of leasehold improvements was approximately RMB126,388,000 (Six months ended 30 June 2014: RMB184,174,000) and the addition of land and buildings was nil (Six months ended 30 June 2014: Nil).

13. Interests in Associates and a Joint Venture

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Cost of investments in associates, unlisted	107,964	107,964
Share of post-acquisition profits, net of dividends received	61,214	57,000
Impairment of interest in associates, unlisted	(12,265)	(12,265)
	156,913	152,699
Cost of investments in a joint venture, unlisted	100,000	100,000
Share of post-acquisition profits, less dividends received	1,265	(1,404)
	101,265	98,596
	258,178	251,295

As at 30 June 2015, 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		Principal activities
					30 June 2015	31 December 2014	
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 New Life Investment and Development Company Limited	Established	PRC	Beijing, PRC	Ordinary	49%	49%	Operation of investment, real estate management

13. Interests in Associates and a Joint Venture (continued)

As at 30 June 2015, the Group had interests in the following joint venture:

Name of entity	Form of business structure	Place of incorporation/ operation	Registered capital RMB'000	Proportion of registered capital held by the Group		Proportion of voting power held		Principal activities
				30 June 2015	31 December 2014	30 June 2015	31 December 2014	
Beijing Aoshikai Wumart Company Ltd.	Established	PRC	200,000	50%	50%	50%	50%	Operation of superstores

14. Deposit Paid

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Deposit paid ^(Note)	255,445	255,445

Note: In November and December 2013, the Group entered into a series of agreements with two independent third parties, a cooperative economy organisation (小紅門鄉經濟組織合作社) and its subordinate entity, pursuant to which the Group will obtain the operating right of the Property for 40 years through acquiring 75% equity interest of the Project Entity. As of 30 June 2015, the Group has paid the first and second instalments amounting to RMB255,445,000. For details, please refer to note 32 to the 2014 annual report.

15. Loan Receivables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Fixed-rate loan receivables	239,940	236,100
Analyzed as:		
Current <i>(Note i)</i>	46,500	46,500
Non-current <i>(Note ii)</i>	193,440	189,600
	239,940	236,100

Note i: In March 2013, the Group entered into an entrusted loan agreement through Beijing Bank with lessor A and a lease agreement for a property for 20 years. The Group lent RMB46,500,000 to lessor A for 2 years. The loan was interest bearing at 7.41% per annum and secured by the equity interest of the shareholder of lessor A. In March 2015, an extension agreement was signed to extend the term of loan for one year with interest rate unchanged.

Note ii: In February 2013, the Group entered into a loan agreement and a lease agreement for a property for 20 years with lessor B. The Group lent RMB120,000,000 to lessor B for 3 years. The loan was interest bearing at 7.4% per annum.

In January 2014, the Group entered into a loan agreement and a lease agreement for a property for three years with lessor C. The Group lent RMB69,600,000 to lessor C for 3 years. The loan was partly repaid in 2015 and its balances was RMB58,440,000.

In January 2014, the Group entered into a loan agreement and a lease agreement for a property for one year with lessor D. The Group lent RMB15,000,000 to lessor D for one year. After the loan was due in January 2015, an extension agreement was entered into for the purpose of setting off property rentals with the loan.

16. Trade and Other Receivables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	178,705	182,206
Prepayments to suppliers	362,820	365,124
Deductible input value added tax	540,629	632,732
Rental deposits	89,252	109,886
Other receivables	5,555	146,843
	1,176,961	1,436,791

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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 – 30 days	125,094	153,555
31 – 60 days	48,250	28,651
Over 60 days	5,361	0
	178,705	182,206

17. Amounts Due from/to Related Parties

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Amounts due from associates	87,010	66,187
Amounts due from a joint venture	30,697	38,183
Amounts due from subsidiaries of a shareholder of the Company which has significant influence over the Company (the "Company's Controlling Shareholder")	9,896	35,885
	127,603	140,255
Amount due to associates	19,930	10,389
Amount due to subsidiaries of the Company's Controlling Shareholder	10,234	7,508
	30,164	17,897

The amounts due from associates, a joint venture 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 those trade in nature balances is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 – 30 days	63,802	70,000
31 – 60 days	30,625	35,717
61 – 90 days	22,969	28,383
91 – 180 days	10,207	6,155
	127,603	140,255

18. Deposits with Banks and Non-Bank Financial Institutions and Central Bank

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Cash and deposits with central bank <i>(Note)</i>	10	0
Deposits with banks and non-bank financial institutions <i>(Note)</i>	709,366	0
	709,376	0

Note: The Company published a board resolution on 21 October 2011 to disclose matters in relation to the establishment of the Finance Co. On 26 May 2015, the Finance Co. was duly established with the approval of China Banking Regulatory Commission ("CBRC"), the monetary capital of which was included into cash and deposits with central bank as well as deposits with banks and non-bank financial institutions.

19. Trade and Other Payables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Bill payables	70,642	75,400
Trade payables	3,595,766	3,779,588
Advances from customers	2,100,017	2,022,992
Deposits received from lessee	338,158	307,952
Rent accrual	442,817	360,827
Other payables	732,384	482,967
Dividends payable	73,811	73,811
Share repurchase payment arising from incentive shares that may acquire outstanding options	29,030	29,030
	7,382,625	7,132,567

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 – 30 days	3,254,670	3,499,311
31 – 60 days	329,977	293,173
61 – 90 days	36,664	26,043
Over 90 days	45,097	36,461
	3,666,408	3,854,988

20. Loans

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Bank loans – unsecured <i>(Note 1)</i>	6,300	0
Bank loans – secured <i>(Note 2)</i>	1,500,000	1,000,000
	1,506,300	1,000,000

Note 1: On 19 June 2015, a subsidiary of the Group entered into a liquidity loan agreement with the Agricultural Bank of China for a one-year loan of RMB6,300,000 at a variable interest rate as a certain percentage of the lending rate for such tenor offered by the bank.

Note 2: Please refer to Note 6. On 6 and 27 February 2015, the Company issued two tranches of bills receivable to a subsidiary each amounting to RMB500,000,000 with a maturity of 6 months through Bohai Bank secured by a bank deposit in an equivalent amount. On 6 and 27 February, such bills receivable were discounted by the subsidiary through Bohai Bank at the discount rates ranging from 3% to 4%. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 4% to 5%.

On 4 March 2015, the Company issued bills receivable to a subsidiary amounting to RMB500,000,000 with a maturity of 6 months through Minsheng Bank secured by a bank deposit in an equivalent amount. On 4 March, the bills receivable were discounted by the subsidiary through Minsheng Bank at the discount rate ranging from 2% to 3%. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 3% to 4%.

The principal of discounted amount received in respect of the aforesaid bills receivable in February and March 2015 was included into secured bank loans.

21. 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 of 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	Provision for impairment loss RMB'000	Total RMB'000
1 January 2015 (Audited)	4,582	118,394	9,221	3,991	(21,673)	26,453	140,959
30 June 2015 (Unaudited)	4,582	118,394	9,221	3,991	(21,673)	26,453	140,959

21. 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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Deferred tax assets	153,985	153,985
Deferred tax liabilities	(13,026)	(13,026)
	140,959	140,959

As at 30 June 2015, the Group had unused tax losses of approximately RMB440,167,000 (31 December 2014: RMB417,314,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB36,849,000 (31 December 2014: RMB36,849,000) of such losses. No deferred tax asset has been recognised in respect of the remainder of approximately RMB403,318,000 (31 December 2014: RMB380,465,000) due to unpredictability of profit for the future period.

22. 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 2015 RMB'000 (Unaudited)			31 December 2014 RMB'000 (Audited)		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets at FVTPL						
– Held-for-trading investment	0	63,500	63,500	0	92,000	92,000

23. 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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within one year	1,269,717	1,076,031
In the second to fifth year inclusive	3,958,086	3,166,469
Over five years	11,114,645	9,664,909
	16,342,448	13,907,409

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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within one year	1,077,343	936,820

24. Capital Commitments

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (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	1,265,966	1,100,840
Other commitments (equity interests)	414,555	414,555
Capital expenditure in respect of property, plant and equipment authorized but not contracted for	94,784	89,419

25. Related Party Transactions

Apart from the amounts due from and to related parties as disclosed in Note 17, during the Reporting Period, the Group had the following related party transactions:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Sales of goods to associates	151,547	86,375
Sales of goods to a joint venture	126,764	112,123
Sales to subsidiaries of the Company's Controlling Shareholder	83,068	77,931
Service fee income received from subsidiaries of the Company's Controlling Shareholder in respect of merchandise delivery services	2,492	2,338
Service fee income received from associates and a joint venture in respect of merchandise delivery services	761	673
Management fee income received from subsidiaries of the Company's Controlling Shareholder	166	101
Rental expense paid to a subsidiary of the Company's Controlling Shareholder	6,398	6,398
Loans in associates	60,000	60,000

Management Discussion and Analysis

Financial Review

Total Revenue

During the Reporting Period, the Group recorded total revenue of approximately RMB11,679,594,000, increasing by approximately 11.9% over the corresponding period of 2014. Excluding merchandise sales at cost to managed stores and related companies, total revenue increased by approximately 12.0% as compared to the same period of last year. The continuing growth in the total revenue of the Group was mainly attributable to sales growth driven by newly opened stores, growth in comparable store sales, increase in revenue from suppliers and increase in rental income.

During the Reporting Period, comparable store sales of the Group increased by approximately 4.2%, recording an increase of approximately 3.3 percentage points in growth as compared to the corresponding period of last year. It was mainly attributable to the slow comparable store sales growth rate in the first four months of 2014 which did not benefit from the “overall low price” strategy as it was not launched until the end of May 2014, while the Group continued to implement such strategy throughout the first half of 2015, and efforts were made to achieve a more rational merchandise portfolio through further category optimization, so as to better meet customer needs.

Consolidated Gross Profit and Consolidated Gross Profit Margin

During the Reporting Period, the Group's consolidated gross profit amounted to approximately RMB2,265,224,000, representing a growth of approximately 6.8% from RMB2,121,865,000 for the corresponding period of 2014. Consolidated gross profit margin was 19.4%, representing a decrease of 0.9 percentage points from 20.3% recorded for the corresponding period of 2014, which was primarily due to the decrease in gross profit margin as the prices of merchandises were reduced by the Company for this year. Excluding merchandise sales at cost to managed stores and related companies, consolidated gross profit margin amounted to 20% during the Reporting Period, decreased by 1 percentage point as compare to 21% recorded for the same period of 2014.

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 amounted to approximately RMB1,792,111,000 and RMB342,585,000, representing approximately 15.3% and 2.9% of total revenue, respectively (the same period of 2014: RMB1,631,857,000 and RMB276,084,000, representing approximately 15.6% and 2.6% of total revenue, respectively). The increase in selling expenses was mainly due to the increase in labour expenses and rental expenses of newly opened stores; the increase in administrative expenses was attributable to the increase in staff number prepared for stores to be open and discounting fees of RMB26,507,000 for the new bank promissory bills of RMB1,500,000,000 in issue for this year (Please refer to Note 6).

Finance Costs

During the Reporting Period, finance costs of the Group amounted to approximately RMB1,629,000, representing a decrease of 67.8% from RMB5,062,000 for the same period of 2014. This is primarily because the Company repaid its interests accrual under the short term debenture in January 2014 but had no such expenditure for this year as the short term debenture was repaid in January 2014.

Net Profit and Net Profit Margin

During the Reporting Period, net profit attributable to owners of the Group was approximately RMB246,984,000, representing a 19.5% decrease over approximately RMB306,661,000 recorded for the same period of 2014. During the Reporting Period, the Group's net profit margin was approximately 2.1%, decreased by 0.8 percentage points as compared to 2.9% recorded for the same period of 2014. Excluding merchandise sales at cost to managed stores and related companies, net profit margin was 2.2%, representing a decrease of 0.8 percentage points as compare with the same period of 2014.

Liquidity and Financial Resources

During the Reporting Period, net cash flow generated from operating activities amounted to approximately RMB564,493,000, representing an increase of RMB424,749,000 from RMB139,744,000 recorded for the corresponding period of 2014, mainly attributable to the growth of sales revenue from stores and prepaid cards. As at 30 June 2015, the Group had cash and bank balances of approximately RMB2,219,193,000.

As at 30 June 2015, the Group had non-current assets of approximately RMB6,026,288,000, which mainly included property, plant and equipment of approximately RMB3,852,465,000, goodwill of approximately RMB793,879,000 and aggregate interests in associates and a joint venture of approximately RMB258,178,000 and rental deposits of approximately RMB252,754,000.

As at 30 June 2015, the Group recorded current assets of approximately RMB7,324,527,000, which mainly comprised cash and bank balances of approximately RMB2,219,193,000, restricted bank balances of approximately RMB1,506,181,000, inventories of approximately RMB1,306,548,000, trade and other receivables of approximately RMB1,176,961,000, deposits with banks and non-bank financial institutions of approximately RMB709,366,000 and amounts due from related parties of approximately RMB127,603,000, etc.

As at 30 June 2015, the Group recorded current liabilities of approximately RMB9,049,354,000, which mainly comprised trade and other payables of approximately RMB7,382,625,000, loans of approximately RMB1,506,300,000 and tax liabilities of approximately RMB130,265,000.

As at 30 June 2015, the Group recorded net current liabilities of approximately RMB1,724,827,000.

During the Reporting Period, the Group's average trade payable turnover and inventory turnover were approximately 71 days and 27 days respectively, and approximately 72 days and 28 days for the corresponding period of 2014, respectively.

Capital Structure

The Group's loans, cash and cash equivalents are mostly denominated in RMB. As at 30 June 2015, 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 discounted amount of the half-year bank promissory bills in issue for this year was deemed as a secured bank loan of RMB1,500,000,000.

As at 30 June 2015, the book value of bank fund financial products held by the Group amounted to RMB63,500,000. Currently, the Group is not using any hedging instruments.

Gearing Ratio

At the end of the Reporting Period, gearing ratio of the Group was 37%, which was mainly due to discounting of bills of RMB1,500,000,000. The gearing ratio was calculated by the total loans divided by the total equities.

Pledge of Assets

As at 30 June 2015, leasehold land and buildings with a carrying amount of approximately RMB202,368,000 (the same period of 2014: RMB208,560,000) have been pledged to secure general bank loan facilities 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 2015, the Group had no significant contingent liability.

Future Investment Plans

As at 30 June 2015, the Group did not have any significant investment plans.

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

Expanding retail network at a steady pace

The Group carried on with its business expansion in Beijing, Tianjin, Hebei and Zhejiang markets under its persistent implementation of national expansion strategy with regional prioritization during the Reporting Period. As at 30 June 2015, we had a retail network of 586 stores (30 June 2014: 545 stores) comprising 180 superstores and 406 mini-marts, which were either directly operated or operated and managed through franchise agreements and management agreements entered into by the Group, its associates (other than Beijing Chao Shifa Company Limited (“Chao Shifa”)) and a joint venture. The Group’s retail network occupied an aggregate saleable area of approximately 940,098 square metres (30 June 2014: 844,760 square metres), excluding saleable area of stores operated by associates and under franchise.

During the Reporting Period, 12 directly-owned new superstores were opened, comprising 6 in Beijing and Hebei, 1 in Tianjin and 5 in Zhejiang, and no superstores were closed down. For mini-marts, 20 directly-owned new stores were opened, comprising 9 in Beijing and 11 in Zhejiang, while 2 were closed down due to expiry of lease or demolition and relocation, comprising 1 in Beijing and 1 in Zhejiang. 3 new franchised stores were opened, while 12 franchised stores were closed down.

Stores operated and managed by the Group, its associates and a joint venture (except the stores of Chao Shifa) as at 30 June 2015 were as follows:

	Number of Superstores	Number of Mini-marts	Total	Distribution
Directly-owned	177	327	504	Beijing, Tianjin, Hebei, Zhejiang
Franchised	–	47	47	Zhejiang
Managed	3	32	35	Tianjin, Shanghai
Total	180	406	586	

Continuing to promote the fresh business and maintain high-speed growth

During the Reporting Period, by upholding the business philosophy of “developing farming base, providing brand fresh merchandises, standardizing store operation and offering bulk packages with varying grades”, the fresh business unit continued to achieve satisfactory growth amid intensified industry competition. For example, despite the slowdown in the growth rate because of the higher base amount in Beijing region, comparable store sales increased by 9.21% with a year-on-year growth of 13.07%. Benefiting from replicating the successful reform of the fresh business in Beijing region and driving by the rapid expansion of outlets, comparable store sales increased by 20.47% in Eastern China region with a year-on-year growth of 77.91%.

During the Reporting Period, the fresh food business of the Group further expanded direct purchase channels. On one hand, the Group strengthened cooperation with outstanding domestic farming and production bases, such as in Yimeng Mountain, Yangcheng Lake and Bashang vegetable base as well as paddy rice-producing regions in Heilongjiang Province. On the other hand, having succeeded in opening up channels for importing agricultural products from other countries, the Group introduced a wide array of quality imported fresh food, such as durian from Thailand, beef from Australia and cherry from Chile. Based on the transformation of agricultural trade markets into supermarkets, the Group expanded the supply of brand fresh food by introducing more well-known brands into the six product categories including vegetables, meat, seafood, dried items, cooked food and bakery, such as Dole, Dao Xiang Cun, CP, No.1 Tuzhu, West Orchard, Beidahuang and DQY, with an aim to attract more high and medium-end customers.

While selecting items elaborately, the Group promoted operation standardization by implementing and using more simple, automatic and standardized management process and tools, so as to reinforce the direct control of the headquarters over the outlets and improve the layout and service of the outlets.



During the Reporting Period, with the support of the supply chain, the fresh food business realized the central processing and standardized graded sale of fruit and meat. The processing production line of the standardized fresh merchandises was officially put into operation in April, with an aim to achieve industrialization of fresh food production, which comprised processing, packaging, quality management, specification management, pesticide residual testing and temperature control circulation. This played an important part in streamlining frontline operation, improving quality, reducing shrinkage and labor cost and increasing profit.

Advocating technology innovation and constantly upgrading IT system

During the Reporting Period, the Group independently developed the promotion management system, realizing the system management over the promotion merchandises. Promotion merchandises were selected through historical data analysis, sales forecast and price tracking by the information system, significantly improving the efficiency in selecting promotion items and ensuring the standardization and regulation of the data regarding promotion items.

During the Reporting Period, the Group made full use of the mobile technology and independently developed the supplier Wechat platform, which regularly published KPI data for the suppliers, enabling the suppliers to gain timely information on merchandise inventory and sales, so as to make quick response to the changing market condition and demands.

During the Reporting Period, the Group independently developed the mobile APP statement system, realizing comprehensive rationalization and simplification of the core process, statement reporting and KPI system, which will enable mobile office administration, improve management efficiency and reduce printing of hard copies of statements, so as to reduce costs of consumables.

During the Reporting Period, based on the POS system implemented in each outlet, the Group independently developed the online payment integration system, realizing seamless connection with Alipay, Wechat and mobile phone payment systems, which provided fast settlement and more discounts for the customers.

Management Discussion and Analysis

During the Reporting Period, the Group independently developed the examination and verification function over the RF mobile terminals implemented in the outlets, enabling the store staff to carry out quick check over the out-stock merchandises and unusual price tag. The system will issue reports on any abnormalities and provide operation guideline, so as to improve the onsite fundamental management of the outlets.

Continuing reform and innovation over the supply chain

During the Reporting Period, the Group upgraded the operation standard of the supply chain and recorded an increase of 12.31% in distribution amount, with further improvement in all management indicators. The accuracy of distribution and the timeliness of delivery amounted to 100% and 97% respectively, with the satisfaction of suppliers amounting to 95%.



During the Reporting Period, the Group launched a new round of reform and innovation on the supply chain, in an effort to build an efficient service-based supply chain that accommodates the demands of the outlets. The distribution center strictly stuck to the collection time set by the outlets, ensuring all the merchandises from the distribution center delivered to the outlets on time. Efforts were made to ensure that certain promotional merchandises at the distribution center have reached the required standard and were ready for sale upon delivery. The Group carried out re-planning on the warehouse of the outlets, and merchandises were categorized into food, health and beauty care and soft and hard commodities for

package transportation, which will be delivered directly to the storage area of the corresponding category. The Group optimized the shift arrangement according to the workload at different time section, so as to reduce labor costs.

Optimizing merchandise portfolio and selecting items elaborately to best meet customer needs

During the Reporting Period, based on more sophisticated data analysis, the Group sorted out brand portfolio and selected items elaborately to optimize supplier and merchandise mix and reduce the number of items, which in turn improved efficiency of individual item. The Group also reviewed the performance of each individual item with the suppliers on a regular basis to retain the most competitive products and eliminate the slow-moving ones, so as to best meet customer needs. Meanwhile, in light of the characteristics of various commercial districts and consumer needs, the Group provided vegetables, fruits, meat, sea food, cooked food and other daily necessities with super quality at lower price, with an aim to attract more customers. While implementing a low price strategy covering all merchandise categories and providing the most popular merchandises on the market, the Group presented distinct product portfolios at stores in different regions. Under the backdrop of increasing popularity for imported merchandises, the Group increased direct purchase of imported merchandises and provided more products with good quality at low price which were directly imported by the Group from foreign countries, so as to attract medium and high-end customers and realize a differentiated operation.

Continuing to improve operation, innovate marketing model and enhance membership management

In light of customer needs, efforts were made to improve operation standard at store level. Customer satisfaction was significantly improved with enhanced shopping environment and improved dynamic-line designs of stores. The Group also enhanced store inspection by the headquarters. By adopting an inspection mechanism comprising specific inspections and joint inspections, the Group ensured that the operation of each store reached the established operation standards.

During the Reporting Period, with the fundamental goal of stabilizing customer flow and promoting sales growth, the Group proactively innovated marketing models and implemented a low price strategy to build up its brand and price image, increasing its brand recognition among the consumers. Meanwhile, leveraging on the Wechat public platform “Wumart Stores” and “Wumart Membership” as well as our official website <http://www.wumart.com>, the Group launched promotional campaigns and membership marketing, provided latest information on store promotions in a timely basis, and promoted new arrivals and offline activities. Furthermore, the Group provided customized and comprehensive membership services for members, and initiated various promotional activities exclusively offered to members, so as to demonstrate membership privileges and enhance members’ loyalty towards the Group.

Conducting a number of changes and optimizing human resource structure to reduce headcount and improve productivity

During the Reporting Period, the Group conducted a number of changes and optimized the human resource structure to reduce headcount and improve staff quality, so as to produce a more rational team structure, strictly control the total labor costs and significantly improve the productivity. Efforts were exerted to streamline outlet structure by implementing a flattened management structure and eliminating the intermediate procedures, so as to reduce the administration procedures of outlets. By combining departments with similar function and capitalizing on our scale as a regional operation, a new structure model was adopted to enable all the outlets within a region to share the departments that provide IT, repair and maintenance, group purchase service, human resources, financial and other supporting function, instead of equipping each outlet with all such departments. Strenuous efforts were made to recruit the outstanding talents for each position, improve efficiency, reduce headcount and enhance our professional services.

Leveraging on its three-tier training system comprising Development Institute—Training Stores—Stores, the Development Institute carried out a series of trainings during the Reporting Period, focusing on building talent team, optimizing company projects and training for new stores. In order to further improving training quality, the Development Institute made strenuous efforts to build the trainer team, enhancing the expertise of the trainer team and improving their training skills. During the Reporting Period, the Development Institute conducted a total of 235 courses for all kinds of trainings with 10,130 participants.

PROSPECTS

In 2014, the growth of retailing market sales slowed down, and the PRC economy settled into a new normal development pattern. For the first half of 2015, the total retail sales of social consumer goods amounted to RMB14,157,700,000,000, representing a year-on-year increase of 10.4%, while the economic growth maintained basically stable. Under the new normal development pattern, the volatility and adjustment in the physical retail industry will continue during 2015. Against the backdrop of slowdown in economic growth, rising costs and competition from e-commerce, and despite of the great profit pressure, the Group still believes that it is fundamental for long-term development to achieve and expand regional operation scale. Therefore, the Group will continue to expand its outlet network (such as supermarkets, everyday shops and convenient stores) by acquiring or leasing commercial properties in Northern China (focusing on Beijing, Tianjin and Hebei) and Eastern China (focusing on Zhejiang), so as to best meet the specific needs of various customers. Leveraging on the efficient logistics system, and by cooperating with more and more manufacturers, the Group will cut down the intermediate procedures and reduce purchase costs, so as to maintain its market competitiveness in price. Efforts will be stepped up to develop the fresh food business, expand the operation of “farm-supermarket matching” and “direct purchases from production bases”, improve operation standard, increase onsite processing services and improve shopping experience. The Group will reinforce the merchandise-oriented concept, innovate traditional commodity allocation model and select items elaborately through more sophisticated data analysis to best meet customer needs. The information system will be constantly upgraded to provide timely and accurate data for frontline operation, technical support for promotion innovation and best solution for accurate, efficient and timely delivery of the logistics system. Meanwhile, the Group will optimize operation process, improve and implement standardization of data and process, enhance productivity, reduce headcount and labor costs.

The innovations in respect of supply chain, human resource structure adjustment, operation and services will lay a solid foundation for the steady increase in operating results. In 2015, while focusing on its core retail business, the Group will take proactive measures to overcome the challenges ahead and respond to the changing dynamics with constant evolution and innovation, so as to reinforce its core competitiveness and improve operating results, with an aim to create sustainable value for the shareholders.

Share Capital

As at 30 June 2015, the structure of share capital of the Company was as follows:

Name of shareholders	Class of shares	Number of shares (shares)	Approximate percentage of total issued share capital (%)
Wumei Holdings, Inc. ("Wumei Holdings")	Domestic shares	497,932,928	38.67
	H shares	1,421,425	0.11
Beijing Wangshang Shijie E-business Co., Ltd. ("Wangshang Shijie E-business")	Domestic shares	160,457,744	12.46
Zhang Bin	Domestic shares	24,482,300	1.90
Hony Capital RMB I, L.P.	Domestic shares	23,619,364	1.83
Beijing Toma Wangluo Technology Co., Ltd.	Domestic shares	23,269,228	1.81
Legend Holdings Limited	Domestic shares	7,306,752	0.57
Beijing Shuangchen Express Co., Ltd.	Domestic shares	7,137,800	0.55
Ci Ying	Domestic shares	500,000	0.04
Participants under the Share Incentive Scheme Regarding Non-tradable and Non-listed Domestic Shares	Domestic shares	6,270,000	0.49
Wealth Retail Holdings Limited	H shares	25,000,000	1.94
Fit Sports Limited	H shares	5,000,000	0.39
Public	H shares	505,146,575	39.23
Total share capital		1,287,544,116	100

Substantial Shareholders

As at 30 June 2015, 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 Securities and Futures Ordinance (“SFO”) were as follows:

Substantial shareholders holding domestic shares of the Company

Name	Number of domestic shares (shares)	Approximate percentage of total issued domestic share capital (%)	Approximate percentage of total issued share capital (%)	Capacity in which interests are held
Dr. Zhang Wen-zhong ^(Note 1)	658,390,672	87.67	51.14	Interest of corporation controlled by the substantial shareholder
Beijing Jingxi Guigu Technology Company Limited (“Jingxi Guigu”) ^(Note 1)	658,390,672	87.67	51.14	Interest of corporation controlled by the substantial shareholder
Beijing CAST Technology Investment Company (“CAST Technology Investment”) ^(Note 1)	658,390,672	87.67	51.14	Interest of corporation controlled by the substantial shareholder
Wumei Holdings ^(Note 2)	658,390,672	87.67	51.14	Beneficial owner, interest of corporation controlled by the substantial shareholder
Yinchuan Xinhua Commercial (Group) Co., Ltd. (“Xinhua Commercial”) ^(Note 3)	497,932,928	66.30	38.67	Beneficial owner
Wangshang Shijie E-business	160,457,744	21.37	12.46	Beneficial owner

Note:

- As of 30 June 2015, 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. 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 97.02% 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.
- As of 30 June 2015, Wumei Holdings directly held 497,932,928 domestic shares of the Company. At the same time, Beijing Green Safe Agricultural Products Logistics and Information Center Co. Ltd (“Beijing Green”) and Lhasa Wisdom Network Excellent Investment Management Co. Ltd. (“Wisdom Network”), which are the wholly owned subsidiaries of Wumei Holdings, jointly held 64% equity of Wangshang Shijie E-business, and therefore Wumei Holdings is entitled to control the exercise of one-third or more of the voting power at general meetings of Wangshang Shijie E-business. Wumei Holdings is deemed, by virtue of Part XV of the SFO, to be interested in 160,457,744 domestic shares of the Company held by Wangshang Shijie E-business. As of 30 June 2015, Wumei Holdings is therefore beneficially interested and deemed, by virtue of Part XV of the SFO, to be interested in the total 658,390,672 domestic shares of the Company.
- As of 30 June 2015, Xinhua Commercial is owned as to 29.27% by Wumei Holdings. Pursuant to the share transfer agreement (please refer to the Company’s announcement dated 24 July 2008) entered into between Wumei Holdings and Xinhua Commercial, 497,932,928 domestic shares of the Company which were directly held by Wumei Holdings would be held by Xinhua Commercial directly upon completion of such agreement, and Wumei Holdings is entitled to control the exercise of one-third or more of the voting power at general meetings of Xinhua Commercial. As a result of entering into the above share transfer agreement, Xinhua Commercial is deemed, by virtue of Part XV of the SFO, to be interested in such 497,932,928 domestic shares of the Company. As of the date of this report, the aforesaid share transfer agreement has not yet been completed.

Substantial shareholders holding H shares of the Company

Name	Number of H shares (shares)	Approximate percentage of total issued H share capital (%)	Approximate percentage of total issued share capital (%)
Genesis Asset Managers, LLP <i>(Note 1)</i>	74,858,827(L)	13.95	5.81
Invesco Asset Management Limited <i>(Note 2)</i>	54,253,902(L)	10.11	4.21
Capital Research and Management Company <i>(Note 3)</i>	49,009,000(L)	9.13	3.81
Massachusetts Financial Services Company ("MFS") <i>(Note 4)</i>	42,231,000(L)	7.87	3.28
Sun Life Financial, Inc. ("SLF") <i>(Note 5)</i>	42,231,000(L)	7.87	3.28
Marathon Asset Management LLP <i>(Note 6)</i>	32,196,000(L)	6.00	2.50
JPMorgan Chase & Co. <i>(Note 7)</i>	32,142,440(L)	5.99	2.50
	450,000(S)	0.08	0.03
	25,047,079(P)	4.66	1.95

Notes:

L denotes long position, S denotes short position, and P denotes lending pool

1. Long position of these 74,858,827 H shares are held by Genesis Asset Managers, LLP in its capacity as an investment manager.
2. Long position of these 54,253,902 H shares are held by Invesco Asset Management Limited in its capacity as an investment manager.
3. Long position of these 49,009,000 H shares are held by Capital Research and Management Company in its capacity as an investment manager.
4. Long position of these 42,231,000 H shares are held by Massachusetts Financial Services Company in its capacity as an investment manager.
5. Long position of these 42,231,000 H shares are held by Sun Life Financial, Inc. through its interest in a series of controlled corporations (including Massachusetts Financial Services Company) and in its capacity as an investment manager.
6. Long position of these 32,196,000 H shares are held by Marathon Asset Management LLP in its capacity as an investment manager.
7. Including long position of 914,361 H shares held by JPMorgan Chase & Co. in its capacity as a beneficial owner, short position of 450,000 H shares held by JPMorgan Chase & Co. in its capacity as a beneficial owner, long position of 6,181,000 H shares as an investment manager and long position of 25,047,079 H shares as a custodian – corporation/approved lending agent.

Save as disclosed above, there was no other people (other than the Directors, supervisors and chief executives of the Company) who had any interests or short positions in any shares or underlying shares of the Company required to be disclosed under Section 336 of the SFO.

Directors', Supervisors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2015, 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 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 Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or otherwise required to be notified to the Company and the Hong Kong 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 of the Company (shares)	Approximate percentage of total issued domestic share capital (%)	Approximate percentage of total issued share capital (%)	Capacity in which interests are held
Xu Ying	1,000,000	0.13	0.08	Beneficial owner
Xu Shao-chuan	1,000,000	0.13	0.08	Beneficial owner
Yu Jian-bo	1,000,000	0.13	0.08	Beneficial owner
Zhang Zheng-yang	500,000	0.07	0.04	Beneficial owner

Save as disclosed above, to the best knowledge of the directors, as at 30 June 2015, none of the other directors, supervisors of the Company or any of their respective 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 recorded in the register referred to therein, or which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

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 where appropriate, had adopted the recommended best practices as set out therein.

Audit Committee

The audit committee of the Company has reviewed the unaudited interim consolidated financial statements and the interim report of the Group for the six months ended 30 June 2015.

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 standards set out in the Model Code during the Reporting Period.

Employees and Remuneration Policies

As of 30 June 2015, the Group had a full-time headcount of 27,290 and part-time headcount of 5,744.

Remunerations of executive Directors and staff-representative supervisors of the Company are, as approved by shareholders on general meetings, determined by the Board based on the management positions of the respective persons in the Group. Remunerations of independent non-executive Directors and external supervisors are considered and approved by shareholders on general meetings. 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 Group, 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, also a share incentive scheme is adopted; 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 the categories of the employees concerned, personal performance and results of the Group. 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. The Company pays housing funds and social security funds 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 2015.

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. To avoid potential competition, the Company entered into the Non-competition Agreement with Wumei Holdings on 29 October 2003 and entered into the Trademark Licensing Agreement on 29 October 2013. On 20 December 2013, the Company entered into the Entrusted Operation and Management Agreement (2014-2016) with Wumei Holdings and the Group would continue to provide supply of goods, delivery of merchandise and management services for Wumei Holdings and its subsidiaries.

As of 30 June 2015, Wumei Holdings has operated in strict compliance with the Non-competition Agreement and Entrusted Operation and Management Agreement (2014-2016) 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. Meng Jin-xian
Chairman

Beijing, the PRC
21 July 2015