北京物美商業集團股份有限公司

WUMART STORES, INC.

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

(Stock Code: 08277)

THIRD QUARTERLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS (UNAUDITED)

Comparison of the unaudited results between the three months and the nine months ended 30 September 2009 and the corresponding periods of 2008 respectively.

	Change	For the three months ended 30 September 2009 *RMB'000*	2008 *RMB'000*
Total revenue *(Note 1)*	21.1%	**3,020,295**	2,494,377
Consolidated gross profit *(Note 2)*	19.9%	**512,122**	426,951
EBITDA	15.1%	**208,732**	181,330
Net profit	20.3%	**99,229**	82,463
Earnings per share — basic *(Note 3)*	19.1%	**RMB0.081**	RMB0.068

	Change	For the nine months ended 30 September 2009 *RMB'000*	2008 *RMB'000*
Total revenue *(Note 1)*	22.2%	**8,725,735**	7,137,794
Consolidated gross profit *(Note 2)*	29.6%	**1,600,845**	1,235,437
EBITDA	25.7%	**700,079**	557,001 *(Note 4)*
Net profit	21.2%	**332,386**	274,151 *(Note 5)*
Earnings per share — basic *(Note 3)*	20.9%	**RMB0.272**	RMB0.225 *(Note 6)*

- As of 30 September 2009, number of stores of the Group amounted to 421.
- As of 30 September 2009, the Group had aggregate net assets of approximately RMB2,151,847,000.
- For the three months ended 30 September 2009, comparable store *(Note 7)* sales grew by 7.2%.
- For the three months ended 30 September 2009, the Group's inventory turnover was 28 days, and creditor turnover was 74 days.

Note 1: Total revenue includes turnover and other revenues.

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

Note 3: The nominal value of the Company's shares is RMB0.25 each. As at 21 September 2009, the number of additional new ordinary shares of the Group is 30,926,116. Earnings per share is calculated based on the weighted average number of shares for the period.

Note 4: For the nine months ended 30 September 2008, EBITDA of the Group was approximately RMB737,464,000. Excluding the effect of the gain on disposal of equity of approximately RMB180,463,000 arising from the equity swap between Hangzhou Tiantian Wumart Commerce Company Limited (杭州天天物美商業有限公司) ("Hangzhou Commerce") and Yinchuan Xinhua Department Store Company Limited (銀川新華百貨商店股份有限公司) ("Xinhua Department Store"), the Group's EBITDA would have been approximately RMB557,001,000.

Note 5: For the nine months ended 30 September 2008, net profit of the Group was approximately RMB409,499,000. Excluding the effect of the net gain on disposal of equity of approximately RMB135,348,000 arising from the equity swap between Hangzhou Commerce and Xinhua Department Store ("Net Gain on Disposal of Equity"), the Group's net profit would have been approximately RMB274,151,000.

Note 6: For the nine months ended 30 September 2008, earnings per share of the Group was approximately RMB0.336. Excluding the effect of the Net Gain on Disposal of Equity of approximately RMB135,348,000, the Group's earnings per share would have been approximately RMB0.225.

Note 7: Stores that have been operating in both the third quarter of 2009 and the third quarter of 2008.

CHAIRMAN'S STATEMENT

I am pleased to present the unaudited results of Wumart Stores, Inc. (the "Company") and its subsidiaries (the "Group") for the three months (the "Reporting Period") and nine months ended 30 September 2009.

During the Reporting Period, the Company entered into a Domestic Shares Subscription Agreement of Wumart Stores, Inc. with Legend Holdings Limited ("Legend") and Hony Capital RMB I, L.P. ("Hony Capital") in respect of the issue of an aggregate of 50,000,000 Domestic Shares to Legend and Hony Capital. Concurrently, the Company also entered into the "Subscription Agreement relating to H Shares of Wumart Stores, Inc." ("H Share Subscription Agreement") with TPG Asia V, L.P. ("TPG") and Fit Sports Limited ("FS") in respect of the issue of an aggregate of 100,000,000 H Shares to TPG and FS. During the Reporting Period, the first completion of the Domestic Shares was completed, whereby 23,619,364 Domestic Shares and 7,306,752 Domestic Shares were issued to Hony Capital and Legend, respectively (the "Issue"). Following the Issue, the registered capital of the Company was changed to RMB312,818,529, and the number of outstanding shares was increased to 1,251,274,116 shares. Such investment in the Company by world-renowned institutional investors will not only optimise the shareholder's structure of the Group, but will also help improve corporate governance and promote overall management standards of the Group, as well as providing strong financial support for the Group's continuous rapid development.

FINANCIAL REVIEW

For the Reporting Period, the Group recorded total revenue of approximately RMB3,020,295,000, up by approximately 21.1% over the corresponding period of last year. Excluding merchandise sales at cost to managed stores and related companies, total revenue would have grown by approximately 24.1% over the corresponding period of last year. The growth in total revenue was mainly attributable to an increase in comparable store sales, sales generated by newly-opened stores, increases in income from suppliers and rental income, and revenue contributed by Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) ("Zhejiang Gongxiao Supermarket"). During the Reporting Period, comparable store sales of the Group grew by approximately 7.2%. An increase in comparable store sales was attributable to the renovation of existing stores, which led to great improvement of store images and service quality as well as continuous optimisation of merchandise categories and application of multiple sales and marketing measures, resulting in increases in number of customers and value per transaction. Increase in income from suppliers reflected the increase in the number of stores and the expansion in the procurement scale of the Group. Rental income was derived from leasing of shop premises to business partners. Growth in rental income was primarily attributable to the increase in rental income of newly-opened stores and redeveloped stores.

For the nine months ended 30 September 2009, the Group recorded total revenue of approximately RMB8,725,735,000, up by approximately 22.2% over the corresponding period of 2008. Excluding merchandise sales at cost to managed stores and related companies, total revenue would have grown by approximately 25.7% over the corresponding period of 2008. Comparable store sales increased by approximately 4.6% over the corresponding period of 2008.

During the Reporting Period, the Group's consolidated gross profit amounted to approximately RMB512,122,000, representing a growth of approximately 19.9% over the corresponding period of last year. Increase in consolidated gross profit was primarily attributable to the growth in gross profit brought by the increasing sales scale and the increases in rental income and income from suppliers. The Group's consolidated gross margin was approximately 17.0%. Excluding merchandise sales at cost to managed stores and related companies, the Group's consolidated gross margin would have increased to approximately 17.7%.

For the nine months ended 30 September 2009, the Group's consolidated gross profit amounted to approximately RMB1,600,845,000, representing a growth of approximately 29.6% over the corresponding period of last year. The Group's consolidated gross margin was approximately 18.3%, representing a growth of approximately 1 percentage point over 17.3% for the corresponding period of last year. Excluding merchandise sales at cost to managed stores and related companies, the Group's consolidated gross margin would have increased to approximately 19.1%, representing a growth of 0.6 percentage point over 18.5% for the corresponding period of last year.

During the Reporting Period, the aggregate of administrative expenses, distribution and selling expenses of the Group accounted for approximately 13.3% of total revenue, an increase of 0.5 percentage point over approximately 12.8% for the corresponding period of last year. Increase in administrative expenses, distribution and selling expenses was mainly attributable to increases in rental expenses and staff salaries and other benefits. During the Reporting Period, rental expenses and staff salaries and other benefits amounted to approximately RMB93,956,000 and RMB125,083,000 respectively, accounting for 3.1% and 4.1% of the Group's total revenue respectively (the corresponding period of 2008: approximately RMB75,870,000 and RMB94,364,000 respectively, accounting for 3.0% and 3.8% of the Group's total revenue). Increase in rental expenses was attributable to rental expenses of new stores and increase in staff salaries and other benefits was attributable to increase in the number of staff and improvement in staff salaries and other benefits level.

For the nine months ended 30 September 2009, administrative expenses, distribution and selling expenses of the Group accounted for approximately 2.1% and 11.1% of total revenue respectively, and approximately 1.6% and 11.0% respectively during the corresponding period of 2008, of which rental expenses and staff salaries and other benefits amounted to approximately RMB272,110,000 and RMB359,957,000, respectively, accounting for approximately 3.1% and 4.1% of the Group's total revenue respectively, and rental expenses and staff salaries and other benefits during the corresponding period of 2008 amounted to approximately RMB224,777,000 and RMB264,211,000 respectively, accounting for approximately 3.1% and 3.7% of the Group's total revenue, respectively.

During the Reporting Period, net profit of the Group was approximately RMB99,229,000, representing an increase of approximately 20.3% over the corresponding period of last year. Increase in net profit was primarily attributable to an improvement in consolidated gross profit.

For the nine months ended 30 September 2009, net profit of the Group was approximately RMB332,386,000. Excluding the effect of the Net Gain on Disposal of Equity, net profit would have increased by approximately 21.2% over the corresponding period of last year.

In spite of the fact that a number of our new stores in Beijing and Tianjin were making losses, the Group was able to sustain its net margin at 3.3% during the Reporting Period. Excluding merchandise sales at cost to managed stores and related companies, net margin would have increased to approximately 3.4%, basically level with the same period of last year. The Group recorded earnings per share of approximately RMB0.081, which was calculated on the basis of weighted average number of 1,223,709,534 shares for the period, up by approximately 19.1% over the earnings per share of approximately RMB0.068 for the corresponding period of 2008 (corresponding period of 2008: 1,220,348,000 shares).

For the nine months ended 30 September 2009, the Group recorded a net margin of approximately 3.8%. Excluding the effect of the Net Gain on Disposal of Equity, the Group's net margin would remain in line with 2008. The Group recorded earnings per share of approximately RMB0.272, which was calculated on the basis of weighted average number of 1,221,480,825 shares. Excluding the Net Gain on Disposal of Equity, the Group's earnings per share (corresponding period of 2008: 1,220,348,000 shares) would have increased by approximately 20.9% over approximately RMB0.225 for the corresponding period of 2008.

QUARTERLY RESULTS

		For the three months ended 30 September		**For the nine months ended 30 September**	
		2009	2008	**2009**	2008
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Total revenue	2	**3,020,295**	2,494,377	**8,725,735**	7,137,794
Cost of sales		**(2,508,173)**	(2,067,426)	**(7,124,890)**	(5,902,357)
Gross profit		**512,122**	426,951	**1,600,845**	1,235,437
Gain on disposal of an associate		**—**	—	**—**	180,463
Other income		**45,050**	22,714	**86,319**	68,322
Distribution and selling expenses		**(349,491)**	(288,373)	**(968,627)**	(781,880)
Administrative expenses		**(53,062)**	(30,488)	**(182,281)**	(111,184)
Finance costs		**(7,878)**	(7,305)	**(24,002)**	(17,127)
Share of profit of associates/a joint venture		**1,639**	3,119	**8,918**	26,709
Profit before tax		**148,380**	126,618	**521,172**	600,740
Income tax expenses	4	**(39,394)**	(31,973)	**(132,624)**	(145,438)
Profit for the period		**108,986**	94,645	**388,548**	455,302
Attributable to:					
Equity holders of the Company		**99,229**	82,463	**332,386**	409,499
Minority interests		**9,757**	12,182	**56,162**	45,803
		108,986	94,645	**388,548**	455,302
Earnings per share — basic	6	**RMB0.081**	RMB0.068	**RMB0.272**	RMB0.336

NOTE:

1. BASIS OF PRESENTATION

The unaudited financial statements of the Group have been prepared on the historical cost convention in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public accountants.

The accounting policies and basis of preparation adopted in the unaudited financial statements for the Reporting Period are consistent with those adopted in the preparation of the Group's financial statements for the year ended 31 December 2008.

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [2]
HKAS 39 (Amendment)	Eligible Hedged Items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [2]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments [2]
HKFRS 8	Operating Segments [2]
HK (IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives [4]
HK (IFRIC) — Int 15	Agreements for the Construction of Real Estate [2]
HK (IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation [5]
HK (IFRIC) — Int 17	Distribution of Non-cash Assets to Owners [3]
HK (IFRIC) — Int 18	Transfer of Assets from Customers [6]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009.

[3] Effective for annual periods beginning on or after 1 July 2009.

[4] Effective for annual periods ending on or after 30 June 2009.

[5] Effective for annual periods beginning on or after 1 October 2008.

[6] Applicable to transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

2. TOTAL REVENUE

The Group is principally engaged in the operation and management of superstores and mini-marts in Beijing, Zhejiang and Tianjin. Total revenue recognised for the three months and the nine months ended 30 September 2009 is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue				
— Sales of goods	**2,746,802**	2,289,608	**7,856,675**	6,492,890
Other revenues				
— Rental income from leasing of shop premises	**84,654**	69,517	**245,905**	190,752
— Income from suppliers, including store display income and promotion income	**188,839**	135,252	**623,155**	454,152
	273,493	204,769	**869,060**	644,904
Total revenue	**3,020,295**	2,494,377	**8,725,735**	7,137,794

3. CONSOLIDATED REVENUE/EXPENSES

The consolidated profit for the three months and the nine months ended 30 September 2009 has been arrived at after charging (crediting) the following items:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Depreciation and amortisation	**52,474**	47,407	**154,905**	119,597
Interest income	**(1,468)**	(1,041)	**(3,647)**	(7,570)

4. INCOME TAX EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
The charge comprises:				
PRC income tax	**39,394**	34,121	**131,324**	111,112
Deferred tax	**—**	(2,148)	**1,300**	34,326
	39,394	31,973	**132,624**	145,438

The unaudited tax charge for the three months and the nine months ended 30 September 2009 can be reconciled to the profit on the consolidated income statement as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit before tax	**148,380**	126,618	**521,172**	600,740
Tax at PRC income tax rate of 25%	**37,095**	31,654	**130,293**	150,185
Tax effect of share of profit of associates and a joint venture	**(410)**	(780)	**(2,229)**	(6,678)
Tax effect of expenses that are deductible in determining taxable profit	**—**	209	**—**	(970)
Tax effect of unrecognised tax losses	**5,118**	890	**6,969**	2,901
Tax effect of utilisation of tax losses not previously recognised	**(2,409)**	—	**(2,409)**	—
Income tax for the period	**39,394**	31,973	**132,624**	145,438

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

5. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2009 (corresponding period of 2008: Nil).

6. EARNINGS PER SHARE

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	**99,229**	82,463	**332,386**	409,499
Weighted average number of shares for the purpose of basic earnings per share (shares)	**1,223,709,534**	1,220,348,000	**1,221,480,825**	1,220,348,000

As at 21 September 2009, the number of additional new ordinary shares of the Group is 30,926,116. Earnings per share is calculated based on the weighted average number of shares for the period.

7. **RESERVES**

Movements in the Group's unaudited reserves during the three months and the nine months ended 30 September 2009 are as follows:

	For the three months ended 30 September					
	2009					2008
	Share premium *RMB'000*	**Statutory common reserve fund** *RMB'000*	**Other reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	Total *RMB'000*
As at 1 July	**1,132,062**	**194,809**	**311**	**860,050**	**2,187,232**	1,973,509
Profit for the period	**—**	**—**	**—**	**99,229**	**99,229**	82,463
Subscription of domestic shares	**278,632**	**—**	**—**	**—**	**278,632**	—
Decrease in equity on acquisition of minority interests in a subsidiary	**(726,064)**	**—**	**—**	**—**	**(726,064)**	—
As at 30 September	**684,630**	**194,809**	**311**	**959,279**	**1,839,029**	2,055,972
As at 1 January	**1,132,062**	**194,809**	**311**	**809,945**	**2,137,127**	1,805,118
Profit for the period	**—**	**—**	**—**	**332,386**	**332,386**	409,499
Dividend paid	**—**	**—**	**—**	**(183,052)**	**(183,052)**	(158,645)
Subscription of domestic shares	**278,632**	**—**	**—**	**—**	**278,632**	—
Decrease in equity on acquisition of minority interests in a subsidiary	**(726,064)**	**—**	**—**	**—**	**(726,064)**	—
As at 30 September	**684,630**	**194,809**	**311**	**959,279**	**1,839,029**	2,055,972

BUSINESS REVIEW

During the Reporting Period, the Group completed the acquisition of minority interests in its subsidiary, Beijing MerryMart Chainstores Development Co., Ltd. (北京美廉美連鎖商業有限公司) ("MerryMart"), which is expected to further enhance the Group's market share in Beijing and overall profitability after becoming a wholly-owned subsidiary of the Group.

Expansion of Retail Network

As at 30 September 2009, the Group had a retail network of 421 stores comprising 109 superstores and 312 mini-marts (including 83 everyday shops opened as new stores and modified from existing stores), which were either directly-owned or operated and managed through Franchise Operation Agreements and Entrusted Operation and Management Agreements by the Group, its associates and a jointly controlled entity. Aggregate saleable area was 494,310 square metres (excluding stores under associates and franchises). During the Reporting Period, the Group opened 4 new directly-owned superstores and terminated cooperation with 2 managed superstores. We also opened 5 directly-owned mini-marts, closed down 3 loss-making directly-owned mini-marts, and terminated cooperation with 7 non-compliant franchised mini-marts.

Stores directly-owned or operated and managed through Franchise Operation Agreements by the Group, its associates and a jointly controlled entity were as follows:

	As at 30 September 2009	
	Number of Stores	**Geographical Distribution**
Superstores		
Directly-owned	105	Beijing, Tianjin, Zhejiang
Mini-marts (comprising everyday shops and convenience stores)		
Directly-owned	206[Note]	Beijing, Zhejiang
Franchised	68	Zhejiang
Total	379	

Note: Including 83 everyday shops opened as new stores and modified from existing stores.

Stores operated and managed by the Group through Entrusted Operation and Management Agreements (the "managed stores") were as follows:

	As at 30 September 2009	
	Number of Stores	**Geographical Distribution**
Superstores	4	Tianjin
Mini-marts	38	Tianjin
Total	42	

Category optimisation

Category optimisation represents one of the strategic focuses of the Group's operational management for 2009. It is aimed at enhancing results performance by seeking to provide merchandise items that cater to the needs of specific consumer groups in the business districts where the Group's stores are located. During the Reporting Period, various systems were formulated in respect of the category and price regimes for merchandise, such as the "Operating Plan for Category and Price Regimes", "Sample Management System" and "New Product Examination System", providing for monthly analysis of sales in the prior month. Merchandise items were ranked in terms of sales and the bottom 10% were removed from the stack. The replacement and replenishment cycle for merchandise was shortened as a result, and customer approval and satisfaction has been enhanced with timely replenishment of new merchandise categories.

On the basis of completing the merchandise allocation planning and replacement schedule, during the Reporting Period, the Group conducted return analysis based on results from the day-to-day operations of the stores. In tandem with category optimisation, the operating departments adopted measures to carry out the addition and replacement of merchandise in a more standardised manner, which included the strict implementation of the one-in-one-out principle. Shelf space management was also introduced at the stores, whereby data relating to stack number and facing display was systematically collected, collated and standardised to enhance standardisation of merchandise display and improve accuracy of data analysis, paving the way for the implementation of automatic merchandise replenishment at the next stage.

Optimisation of suppliers

In order to maintain a retail price advantage among its peers, the Group resorted to the consolidation of procurement resources, in particular, the centralisation of procurement management among acquired entities, as a means to secure higher price discounts available for larger purchase volumes. During the Reporting Period, the Group conducted price renegotiations and negotiations on resource integration with suppliers concerned after matching analysis of the inbound merchandise price of Zhejiang Gongxiao Supermarket. As at 30 September 2009, Zhejiang Gongxiao Supermarket negotiated lower inbound prices for over 1,700 items, while some suppliers added separate rebate clauses to the original supply contracts. We shared the procurement advantage with Zhejiang Gongxiao Supermarket and achieved maximum benefits through concerted actions in price-matching for major brands, back-stage resources sharing, joint purchases and contract execution.

During the Reporting Period, the Group continued to consolidate its supplier resources as it opened talks with new suppliers and reached deals to source certain brands through direct purchases instead of distributors. As a result, inbound prices were lowered for the benefit of greater profit margin, with opportunities for broader marketing support.

During the Reporting Period, the Group made direct encounters with famous suppliers, specialised cooperative societies and local administration authorities for agricultural produces in vegetable and fruit growing regions, promoting mutual understanding and direct communications between suppliers and resellers and seeking to build a network of farmer-supermarket partnerships set for the longer term. The Group entered into more than 30 letters of intent covering close to 100 types of fruit produces with major regions where feature fruits are grown, such as Sichuan, Fujian, Chongqing, Jiangxi, Xinjiang, Guangdong, Hunan and Hainan. Some of these special fruits, such as honeydew melon and seedless grapes from Tianshan of Xinjiang, pyrus pear from Shanxi, navel orange from Southern Jiangxi, pomelo and gala apple from Guanxi, are already available in our stores, as the Group seeks to gradually establish itself as a major choice for Beijing residents buying fruits and vegetables of premium quality. We have been able to put on stack fruits and vegetables from Shandong within 24 hours after harvest since the implementation of direct purchases of fruits and vegetables from agricultural bases, with the prices of some merchandise being 20% lower than those recorded in agricultural trade markets. Sales volume of the Group for fruits and vegetables increased by approximately 50% in the first half of this year.

The Group has invited suppliers' representatives to form a "Special Supplier Monitor" system in order to reinforce communications with suppliers. The number of suppliers sending store monitors increased to 10 during the Reporting Period, covering the monitoring of major categories such as fresh food, packaged food, daily amenities and electrical appliances. All monitors are provided with access cards issued by the Group, so that they may have unobstructed access to the back office as well as the front store, communicating with the Group's officers and staff at any time and bringing any store issues identified to the attention of the Group's management. This monitor system has effectively facilitated communications between the retailer and the supplier towards the development of positive relations and such collaboration has contributed significantly to resolving issues and fostering harmonious relations with suppliers.

Marketing optimisation

The Group launched a variety of marketing activities during the Reporting Period to boost sales and attract more customer visitation, which proved very effective. We were engaged in active soul-searching for innovative marketing that answered customers' craving for novelty, as traditional means of sales promotion fell short of requirements in the face of increasing competition. In addition to customary price cuts, we also adopted novel and unique means of promotion such as marketing through discounts, free gifts for purchases, value redemption, uniform prices, X% discount on second item and instant price costs. Merchandise items on promotion were prominently displayed in large volumes, and promotional placards were articulately designed to emphasise value for money. These initiatives have greatly enhanced customers' willingness to buy and contributed to the formation of a critical mass of spending shoppers.

During the Reporting Period, the "First Beijing Bauhinia Honey Festival" was held at the Group's stores by six well-known manufacturers of honey products in Beijing. Display tables were laid out at the stores to showcase the products and staff were arranged to provide consultation and carry out promotional activities. The campaign had a positive impact for promoting Beijing's feature honey products, encouraging the development of the beekeeping industry in suburban Beijing, improving income for farmers in the mountain areas and driving sales of honey products. It won the approval of patrons as it gave consumers a better understanding of Beijing Bauhinia Honey and provided a source for quality nutrition for the people of Beijing.

Membership management was enhanced through analysis and sorting of member visitors at stores based on regular customer polls. In a bid to provide members with the best possible services, MerryMart designated every Monday as "MerryMart Members' Day", on which promotional offers such as redemption, free gifts on purchases and category discounts were available to attract more patronage. This initiative has the double impact of stimulating sales on Monday, which is customarily the low point for sales during the week, as well as enhancing members' loyalty by cultivating the habit of Monday shopping through the offering of members-only benefits.

Store optimisation

During the Reporting Period, the Group renovated certain of its superstores and introduced articulate designs to the layout of shop space that addressed the characteristics of the business district. The fresh-food concept was boldly employed in less populated business districts, with the fresh food section occupying one-third of the store space. At the consortium zone, the idea of transforming the supermarket into a consortium store was partially realised with the latest merchandise allocation, such that customers were impressed by the rich variety of merchandise in an innovative layout. Meanwhile, upgrade and renovation works were carried out at various stores in different stages, whereby additional product ranges and business varieties were introduced, while the delineation of merchandise areas was rationalised for a more powerful impact of merchandise display, coupled with decorations that befit a strong persuasion to buy in a generally more spacious environment with brighter lightings. The renovated setting was enthusiastically welcomed by customers, as evidenced by the substantial improvement in average daily sales.

To address intense market competition, category management was refined on the basis of specific conditions in the different business formats of everyday shops and convenience stores. Our own proprietary merchandise items were provided in limited quantity but on a highly selective basis. The operational pattern was modified with the introduction of "fast-food" to complement our proprietary merchandise items. Such "fast-food" stalls, set up in our convenience stores by way of joint venture with third parties, provided a significant complement to the Group's proprietary items. Meanwhile, our convenience stores also introduced fruit and vegetable items, which proved to be a major convenience for customers given the flexibility afforded by the opening hours of these stores. With ongoing expansion of business scope and enrichment of merchandise categories at our convenience stores, we have put ourselves in a commanding position amid intense market competition.

Merchandise quality and food safety

The standard of merchandise quality can hardly be over-emphasised, for at stake here is not only the question of corporate reputation and image, but also the fundamental issue of business survival and development in an intensely competitive market. For this reason, the Group has always regarded quality management as a priority task and dedicated its effort to the provision of safe and fresh merchandise offering premium quality. During the Reporting Period, stringent examination of manufacturing and expiry dates are conducted to ensure that older merchandise items are placed on stack first, while expiring items must be withdrawn in a timely manner. Quality inspection is also being conducted, whereby any quality problems will be resolved in consultation with the suppliers. At the same time, items will be withdrawn, returned to suppliers or recalled as appropriate in accordance with relevant provisions, and suppliers in question might be subject to penalties to ensure the quality of merchandise and protect the interests of both the customers and the Company.

During the Reporting Period, the Group conducted training for store quality control officers and formulated relevant administrative provisions and quality control checklists in accordance with new laws and regulations promulgated by the State, including the "Implementation Regulations for Food Safety Law" (《食品安全法實施條例》), Measures for the Supervision and Administration of Food Safety for Items in Circulation" (《流通環節食品安全監督管理辦法》) and Administrative Measures for Food Circulation Permits (《食品流通許可證管理辦法》). With staff showing greater appreciation of the importance of quality assurance for merchandise following exposures to quality management issues and relevant laws and regulations promulgated by the State, the management skills at store level have been generally improved and the Group's quality management system has been continuously enhanced and strengthened as a result.

During the Reporting Period, the Group was awarded the title of "Beijing Quality Management Contribution Award 2009 — Outstanding Enterprise" and 7 of its employees were named "Quality Management — Outstanding Individual" among the 100 outstanding enterprises and 240 outstanding individuals in quality management assessed by Beijing Quality Management Association in conjunction with industry supervision departments.

WINBOX@SAP

During the Reporting Period, the Group's WINBOX@SAP project team optimised the POS system with their own technological resources, which allows cashier procedures that are more consistent with shoppers' habits, featuring customer-friendly bills. With improved cashier efficiency and more flexible and localised application of marketing approaches, the optimised system has driven improvements in our business performance. Promotion relating to the application of seamless EFT (electronic funds transfer) integration with the POS system has been completed at the Group's stores. With EFT going live, customer satisfaction has been generally enhanced given significantly improved cashier efficiency, while communications costs have also been substantially reduced.

During the Reporting Period, the WINBOX-EHR sub-project for stores in the Tianjin area went live with the independent effort of the WINBOX@SAP project team. This system enables real-time sharing of operating data in human resources as it allows us to instantly monitor staff changes through a centralised database platform, providing a solid basis for swift and accurate decisions in personnel movements. It works in tandem with the Group's remuneration policy to effectively reduce the workload of payroll auditing at store levels. Through the appraisal regime integrating with SAP, appraisal management and the accuracy of appraisal data will be effectively enhanced.

During the Reporting Period, the WINBOX@SAP project team completed the functional enhancement of the VRM (Vendor Relationship Management) system, whereby sales and inventory data were open to enquiry by selected suppliers. Such direct information access, provided with the aim of assisting suppliers to coordinate their arrangements, has contributed to improvements in retailer-supplier relations. Moreover, historical order enquiries and cost accounting in connection with direct purchases from production bases by the fruit and vegetable team bases were made available to provide effective technical support for the business flow of such purchases.

Process optimisation

The Group continued to promote process re-engineering with an aim to attain the simplified and efficient business management process system of "centralised procurement/category optimisation + demand forecast-driven supply chain + simplified store sales model". We focused on our asset management processes during the Reporting Period with additions to and upgrades of related processes to ensure the smooth operation of our newly established asset management department. Furthermore, our WINBOX process team continued to amend, upgrade and optimise the Wumart Group Operation Process Manual 2009 (《2009物美集團流程作業手冊》), adding 13 processes, such as the asset classification checklist process, the asset management measures, the exit auditing process, the fund security management supplemental provisions, as well as upgrading and optimising 11 processes, such as the training and appraisal management provisions, the bidding price comparison range and approval process, the labour contract management measures, and the mini-mart store operational authorisation. The relevant operational authorisation processes were upgraded and amended in a timely manner in line with business format optimisation and category optimisation. Form-sorting was conducted to avoid waste and improve work rate while ensuring smooth business operation. The synchronous progress of system optimisation and process optimisation will go a long way raising the level of specialisation and standardisation of the Group's operations management.

Optimisation of logistics

During the Reporting Period, the supply chain management department of the Group achieved a major breakthrough in turning DC (distribution centre) from a cost centre to a profit centre as a substantial increase in pre-tax net revenue was registered for the final month of the third quarter, suggesting that a feasible approach has been identified by the supply chain department in investigating new business patterns.

During the Reporting Period, the supply chain management department of the Group worked closely with the purchase department to introduce large-scale suppliers, such as Tingyi, Uni President and Lotte etc.. Our distribution capacity expanded rapidly with the introduction of new suppliers and, with increased distribution volume and new major suppliers, our revenue from distribution fees increased substantially.

During the Reporting Period, the Group endeavoured to expand its operation of merchandise inventory management and distribution for suppliers. Income from other businesses increased following the commencement of direct distribution to customers by DC. During the Reporting Period, the distribution volume of the Group increased by 31.8% over the corresponding period of last year. Our DC operations reported significant improvements in return per capita, return per ping, vehicle loading ratio and turnover efficiency courtesy of sound planning and thorough implementation. Operating cost ratios were effectively controlled as a result.

HUMAN RESOURCES DEVELOPMENT

To be "people-oriented" is one of the corporate cultures of Wumart Group and a core value in the Wumart culture. The Group strives to provide a fair, equitable and open platform and environment where the staff can fully utilize their intelligence and talents, and where the efficiency of human resource deployment will be enhanced for the benefit of a sound human resources regime.

In order to build a specialised professional team and meet the need for talents in its business development, the Group continued to implement a series of staff training programmes. During the Reporting Period, the Group organised 41 training sessions with a total of 1,368 employees attending. The "Centurion Programme" continued to be in force, with 27 employees enrolled in various training programmes. Five candidates for the position of store general manager became eligible for the next phase of training after passing verbal assessments, while 8 candidates became qualified as reserve managers after passing due assessments. In addition, 241 employees enrolled in ERP online training and 119 employees participated in promotion training during the Reporting Period. Enhancement training for store executives at various levels, operational/specialised training and new store training registered enrollments of 68, 438 and 475, respectively. By basing promotion on training and capping training with evaluation, the internal cultivation and selection of talents was enhanced. While more executives will be rising through the ranks as "Wumart-trained", those who join from elsewhere will also find themselves fitting in effectively to make a highly cohesive team with a positive mix of talents.

In sustaining improvement of our human resources efficiency, the Group completed the go-live of key data of stores in Zhejiang during the Reporting Period to raise the level of information technology of our human resources operations in Zhejiang, following the full implementation and application of the WINBOX-EHR system in Beijing and Tianjin.

PROSPECTS

The PRC economy generally sustained steady recovery during the first three quarters of 2009, with GDP and gross retail sales growing by 7.7% and 15.1%, respectively, over the same period last year.

To address increasingly ferocious market competition, the Group will continue to improve corporate governance to provide a solid foundation for fostering core competitive strengths. Confronted with the onslaught of foreign retail players in the domestic market, the Group will adhere to its strategy of nationwide regional development in China and expand its retail network in a proactive and yet prudent manner. Meanwhile, we will continue to foster core strengths by increasing our operational efficiency and management standards while lowering operating and management costs through the persistent employment of advanced technologies and scientifically-proven processes.

As the end of 2009 is drawing near, my colleagues on the Board of Directors and myself will be committed to working diligently with all the Group's officers and staff during the final quarter, aiming to attain or even exceed defined targets for the year in dashing for better performance. The Directors are confident that the Group will maintain ongoing steady growth in business results. Last but not least, I would like to thank all shareholders, patrons and suppliers for their continued support, as well as all staff for their dedication.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, Mr. Han Ying, Mr. Li Lu-an and Mr. Lu Jiang, with Mr. Han Ying as the Chairman of the audit committee. During the Reporting Period, the audit committee held once meeting, during which the members of the audit committee and the management of the Company reviewed issues such as 2009 interim financial reports of the Group, including the review of the Company's financial statements prepared in accordance with the generally accepted accounting principles in Hong Kong.

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

As at 30 September 2009, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in domestic shares

Name	**Number of domestic shares held** *(shares)*	**Approximate percentage of total issued domestic share capital** *(%)*	**Approximate percentage of total share capital** *(%)*	**Type of interests**
Dr. Wu Jian-zhong *(Note 1)*	160,457,744	21.55	12.82	Interests of controlled corporation
Dr. Meng Jin-xian *(Note 2)*	48,251,528	6.48	3.86	Interests of controlled corporation

Notes:

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

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

Save as disclosed above, to the best knowledge of the Directors, as at 30 September 2009, none of the Directors, Supervisors or chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

As at 30 September 2009, none of the Company, any of 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 September 2009, the interests or short positions of persons other than Directors, Supervisors and chief executives of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in domestic shares

Name	**Number of domestic shares held** *(shares)*	**Approximate percentage of total domestic share capital** *(%)*	**Approximate percentage of total share capital** *(%)*
Dr. Zhang Wen-zhong *(Note 1)*	497,932,928	66.86	39.79
Beijing Jingxi Guigu Technology Company Limited ("Jingxi Guigu") *(Note 1)*	497,932,928	66.86	39.79
Beijing CAST Technology Investment Company ("CAST Technology Investment") *(Note 1)*	497,932,928	66.86	39.79
Wumei Holdings, Inc. ("Wumei Holdings") *(Note 2)*	497,932,928	66.86	39.79
Xinhua Department Store *(Note 3)*	497,932,928	66.86	39.79
Wangshang Shijie E-business	160,457,744	21.55	12.82

Notes:

1. Jingxi Guigu is owned as to 85% by Dr. Zhang Wen-zhong, and therefore Dr. Zhang Wen-zhong is entitled to control the exercise of one-third or more of the voting power at general meetings of Jingxi Guigu. CAST Technology Investment is owned as to 80% by Jingxi Guigu, and therefore Jingxi Guigu is entitled to control the exercise of one-third or more of the voting power at general meetings of CAST Technology Investment. Wumei Holdings is owned as to 70% by CAST Technology Investment, and therefore CAST Technology Investment is entitled to control the exercise of one-third or more of the voting power at general meetings of Wumei Holdings. Each of Dr. Zhang Wen-zhong, Jingxi Guigu and CAST Technology Investment is therefore deemed, by virtue of Part XV of the SFO, to be interested in the shares of the Company held by Wumei Holdings.

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

3. According to the share transfer agreement entered into between Wumei Holdings and Xinhua Department Store, approximately 66.86% of the domestic shares of the Company would be held by Xinhua Department Store directly. As the share transfer agreement is not yet completed, the percentage of domestic shares of the Company held by Xinhua Department Store is yet to be determined.

Long positions in H shares

Name	**Number of H shares held** *(shares)*	**Approximate percentage of total issued H share capital** *(%)*	**Approximate percentage of total share capital** *(%)*
Bonderman David *(Note 1)*	84,552,000	16.69	6.76
Coulter James G. *(Note 2)*	84,552,000	16.69	6.76
TPG Asia Advisors V, Inc *(Note 3)*	84,552,000	16.69	6.76
TPG Asia Genpar V, L.P. *(Note 4)*	84,552,000	16.69	6.76
TPG Asia V, L.P. *(Note 5)*	84,552,000	16.69	6.76
Arisaig Greater China Fund Limited *(Note 6)*	69,152,000	13.65	5.53
Arisaig Partners (Mauritius) Limited *(Note 7)*	69,152,000	13.65	5.53
Cooper Lindsay William Ernest *(Note 8)*	69,152,000	13.65	5.53
JPMorgan Chase & Co. *(Note 9)*	66,772,000	13.18	5.34
Zhao Dan-yang *(Note 10)*	64,683,500	12.77	5.17
Pureheart Asset Management Co. Limited *(Note 11)*	63,313,500	12.50	5.06
Pure Heart China Growth Investment Fund *(Note 12)*	61,223,500	12.09	4.89
T. Rowe Price Associates, Inc. and its affiliates *(Note 13)*	55,770,000	11.01	4.46
The Capital Group Companies, Inc. *(Note 14)*	41,185,384	8.13	3.29
Invesco Hong Kong Limited (in its capacity as manager/advisor of various accounts) *(Note 15)*	25,606,000	5.05	2.05

Notes:

1. These 84,552,000 H shares are held by Bonderman David through his interests in controlled corporation.

2. These 84,552,000 H shares are held by Coulter James G. through his interests in controlled corporation.

3. These 84,552,000 H shares are held by TPG Asia Advisors V, Inc through its interests in controlled corporation.

4. These 84,552,000 H shares are held by TPG Asia Genpar V, L.P. through its interests in controlled corporation.

5. These 84,552,000 H shares are held by TPG Asia V, L.P. in its capacity as a beneficial owner. According to the H Share Subscription Agreement, 84,552,000 H Shares will be conditionally issued to TPG by the Company and such issue has not completed.

6. These 69,152,000 H shares are held by Arisaig Greater China Fund Limited in its capacity as a beneficial owner.

7. These 69,152,000 H shares are held by Arisaig Partners (Mauritius) Limited in its capacity as an investment manager.

8. These 69,152,000 H shares are held by Cooper Lindsay William Ernest through his interests in controlled corporation.

9. Among these shares held by JPMorgan Chase & Co., 9,876,000 H shares are in its capacity as an investment manager, whereas 56,896,000 H shares are held in its capacity as a trustee company/an approved lending agent.

10. These 64,683,500 H shares are held by Zhao Dan-yang through his interests in controlled corporation.

11. These 63,313,500 H shares are held by Pureheart Asset Management Co. Limited in its capacity as an investment manager.

12. These 61,223,500 H shares are held by Pure Heart China Growth Investment Fund in its capacity as a beneficial owner.

13. These 55,770,000 H shares are held by T. Rowe Price Associates, Inc. and its affiliates in their capacities as investment managers.

14. These 41,185,384 H shares are held by The Capital Group Companies, Inc. in its capacity as an investment manager.

15. These 25,606,000 H shares are held by Invesco Hong Kong Limited its capacity as a beneficial owner.

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

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

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

COMPETING INTERESTS

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

The Group mainly expands its supermarket chain business in Beijing, Zhejiang and Tianjin. The Company entered into the Non-Competition Agreement and the Trademark Licensing Agreement with Wumei Holdings on 29 October 2003, and the Entrusted Operation and Management Agreements with Wumei Holdings and Tianjin Affiliates *(Note)* on 24 October 2007, with a view to avoiding business competition with Wumei Holdings. Wumei Holdings has operated in strict compliance with the non-competition agreement and the Entrusted Operation and Management Agreements in order to avoid business competition with the Group to the fullest extent.

Save for the competing businesses disclosed above, Wumei Holdings did not engage in any direct or indirect competition against the Group, nor did it have any interests.

Note: Tianjin Affiliates include: Tianjin Hedong Wumart Trading Co., Ltd., Tianjin Hebei Wumart Convenience Stores Co., Ltd., Tianjin Hezuo Wumart Trading Co., Ltd., Tianjin Nankai Shidai Wumart Commerce Co., Ltd., Tianjin Hongqiao Wumart Convenience Stores Co., Ltd. and Tianjin Wumart Huaxu Commerce Development Co., Ltd.

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

Beijing, the PRC
10 November 2009

As at the date of this announcement, the Board comprises:

Executive Directors:
Dr. Wu Jian-zhong
Dr. Meng Jin-xian
Madam Xu Ying

Non-executive director:
Mr. Wang Jian-ping

Independent non-executive directors:
Mr. Han Ying
Mr. Li Lu-an
Mr. Lu Jiang

This announcement will remain the website of the Company at http://www.wumart.com and on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at lease 7 days from the date of its posting.