

**ZHONGMIN BAIHUI RETAIL GROUP LTD.**  
**(Company Registration No.: 200411929C)**

**UNAUDITED FINANCIAL STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated statement of comprehensive income for the first quarter ended 31 March 2014 (“1Q 2014”)**

	← Group →		
	3 months ended		Change
	31/3/2014	31/3/2013	+ / (-)
	RMB'000	RMB'000	%
<b>Revenue</b> <sup>(1)</sup>	255,626	103,744	146
Cost of sales	<u>(165,536)</u>	<u>(60,947)</u>	172
<b>Gross profit</b>	90,090	42,797	111
Other income	10,160	7,546	35
Finance income	369	176	110
Selling and distribution expenses	(66,727)	(40,213)	66
Finance costs	(107)	(73)	47
Administrative expenses	<u>(17,005)</u>	<u>(10,835)</u>	57
<b>Profit/(loss) before taxation and share of results of associate</b>	16,780	(602)	n.m.
Share of results of associate	<u>(204)</u>	<u>(133)</u>	53
<b>Profit/(loss) before taxation</b> <sup>(2)</sup>	16,576	(735)	n.m.
Taxation	<u>(4,299)</u>	<u>(1,969)</u>	118
<b>Profit/(loss) after taxation</b>	<u>12,277</u>	<u>(2,704)</u>	n.m.
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation gain/(loss)	<u>52</u>	<u>414</u>	(87)
Other comprehensive income, net of tax	<u>52</u>	<u>414</u>	
<b>Total comprehensive income for the period attributable to the owners of the Company</b>	<u>12,329</u>	<u>(2,290)</u>	n.m.

n.m. – Not meaningful

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## Notes to the consolidated statement of comprehensive income

### 1. Revenue

The Group's revenue represents the net amount received and receivable for goods sold by direct sales, commission from concessionaire sales, rental income and income from managed rental. An analysis of the Group's revenue for the financial period is as follows:

	← Group →		
	3 months ended		Change
	31/3/2014	31/3/2013	+/(-) %
	RMB'000	RMB'000	
<b>Revenue:</b>			
- Direct sales	187,376	67,271	179
- Commission from concessionaire sales	39,517	15,839	149
- Rental income	15,277	13,278	15
- Managed rental	13,456	7,356	83
	<u>255,626</u>	<u>103,744</u>	146
Gross revenue from concessionaire sales	<u>184,748</u>	<u>77,465</u>	138
Gross sales proceeds*	<u>400,857</u>	<u>165,370</u>	142

\* Gross sales proceeds represent the aggregate sum of revenue received and receivable for goods sold by direct sales, gross revenue from concessionaire sales, rental income and income from managed rental.

## 2. Profit before taxation

	← Group →		
	3 months ended		Change
	31/3/2014	31/3/2013	+ / (-)
	RMB'000	RMB'000	%
Profit/(loss) before tax is arrived at after (charging)/crediting the following:			
Inventories written down	(309)	(342)	(10)
<b>Other income:</b>			
Advertisement and promotion fees	7,000	3,597	95
Leisure facilities charges	251	204	23
Management fees	1,632	2,655	(39)
<b>Selling and distribution expenses:</b>			
Employee benefit expenses			
- Defined contribution plans	(4,073)	(2,516)	62
- Salaries, wages, bonuses and other costs	(18,380)	(11,086)	66
Rental expenses*	(28,269)	(17,977)	57
Utilities	(5,564)	(3,451)	61
Amortisation of intangible assets	(321)	-	n.m.
Advertisement and promotion fees	(932)	(958)	(3)
<b>Administrative expenses:</b>			
Employee benefit expenses			
- Defined contribution plans	(1,247)	(655)	90
- Salaries, wages, bonuses and other costs	(10,840)	(6,847)	58
Bank charges	(972)	(728)	34
Director fees	(177)	(145)	22
Depreciation of property, plant and equipment	(1,774)	(941)	89
Office supplies	(226)	(87)	160
Exchange loss	-	(47)	n.m.

\* Inclusive of operating lease charges of RMB 22.2 million in 1Q 2014 (1Q 2013: RMB 11.9 million) and a straight-line recognition of the lease expenses over the lease term, aggregate of rent-free incentives and step rental provision, of RMB 6.1 million in 1Q 2014 (1Q 2013: RMB 6.1 million) respectively.

n.m. – Not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	← Group →		← Company →	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	49,633	46,205	36	38
Intangible assets	8,448	8,409	-	-
Investment in subsidiaries	-	-	80,023	80,023
Investment in an associate	16,573	16,777	-	-
Deferred tax assets	16,401	14,599	-	-
Other non-current assets	1,753	1,753	-	-
	<u>92,808</u>	<u>87,743</u>	<u>80,059</u>	<u>80,061</u>
<b>Current assets</b>				
Inventories	131,735	136,689	-	-
Prepayments	21,596	17,282	83	45
Trade and other receivables	33,257	70,151	-	-
Amount due from a subsidiary	-	-	133	131
Amount due from a related party	224	422	-	-
Cash and cash equivalents	183,057	150,275	24,205	26,443
	<u>369,869</u>	<u>374,819</u>	<u>24,421</u>	<u>26,619</u>
<b>Less: Current liabilities</b>				
Trade and other payables	229,320	239,886	504	2
Other liabilities	18,590	31,738	1,280	1,586
Amount due to related parties	21,690	16,244	-	-
Provision for taxation	7,138	7,728	-	-
	<u>276,738</u>	<u>295,596</u>	<u>1,784</u>	<u>1,588</u>
<b>Net current assets</b>	<u>93,131</u>	<u>79,223</u>	<u>22,637</u>	<u>25,031</u>
<b>Non-current liabilities</b>				
Other liabilities	61,250	55,187	-	-
Amount due to shareholders	18,297	18,011	18,297	18,011
Amount due to a related party	2,117	2,117	-	-
Deferred tax liabilities	2,485	2,190	989	973
	<u>84,149</u>	<u>77,505</u>	<u>19,286</u>	<u>18,984</u>
<b>Net assets</b>	<u>101,790</u>	<u>89,461</u>	<u>83,410</u>	<u>86,108</u>
<b>Equity attributable to the holders of the Company</b>				
Share capital	67,148	67,148	67,148	67,148
Statutory common reserve	13,286	13,286	-	-
Currency translation reserve	(1,522)	(1,574)	(1,525)	(1,579)
Revenue reserve	22,878	10,601	17,787	20,539
<b>Total equity</b>	<u>101,790</u>	<u>89,461</u>	<u>83,410</u>	<u>86,108</u>

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**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 31/3/2014</b>		<b>As at 31/12/2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
-	-	-	-

**Amount repayable after one year**

<b>As at 31/3/2014</b>		<b>As at 31/12/2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
-	18,297	-	18,011

**Details of any collateral**

As at 31 March 2014, a total amount of RMB 18.3 million from several shareholders and/or directors, was interest-free and unsecured.

1(c) Consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Group →	
	3 months ended	
	31/3/2014	31/3/2013
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	16,576	(735)
Adjustments for:		
Depreciation of property, plant and equipment	1,774	941
Amortisation of intangible assets	321	-
Rent-free incentives and step rental provision	6,063	6,081
Inventories written down	309	342
Interest income	(369)	(176)
Finance costs	107	73
Share of results of associate	204	133
Unrealised exchange difference	301	-
<b>Operating cash flows before changes in working capital</b>	<u>25,286</u>	<u>6,659</u>
Decrease/(increase) in inventories	4,645	(3,277)
Increase in prepayments	(4,314)	(878)
Decrease in trade and other receivables	37,092	13
(Decrease)/increase in trade and other payables	<u>(18,375)</u>	<u>4,469</u>
<b>Cash flows generated from operation</b>	44,334	6,986
Interest received	369	176
Interest paid	-	(73)
Tax paid	<u>(6,772)</u>	<u>(4,390)</u>
<b>Net cash flows generated from operating activities</b>	<u>37,931</u>	<u>2,699</u>
<b>Cash flows from financing activities</b>		
Increase in amount due to shareholders	-	(361)
Proceeds from loans and borrowings	-	4,704
<b>Net cash flows generated from financing activities</b>	<u>-</u>	<u>4,343</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(5,201)	(3,213)
Investment in an associate	-	(3,470)
<b>Net cash flows used in investing activities</b>	<u>(5,201)</u>	<u>(6,683)</u>
Net increase in cash and cash equivalents	32,730	359
Effect of exchange rate changes on cash and cash equivalents	52	395
Cash and cash equivalents at beginning of financial period	<u>150,275</u>	<u>110,808</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>183,057</u>	<u>111,562</u>
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:		
Cash on hand	6,691	2,975
Bank balances	<u>176,366</u>	<u>108,587</u>
	<u>183,057</u>	<u>111,562</u>

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company				
	Share capital RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Statutory common reserve RMB'000	Total equity RMB'000
<b>Group</b>					
<b>Balance at 1 January 2013</b>	67,148	(2,367)	7,158	6,746	78,685
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	414	-	-	414
Loss for the period	-	-	(2,704)	-	(2,704)
Total comprehensive income for the period	-	414	(2,704)	-	(2,290)
<b>Balance at 31 March 2013</b>	67,148	(1,953)	4,454	6,746	76,395
<b>Group</b>					
<b>Balance at 1 January 2014</b>	67,148	(1,574)	10,601	13,286	89,461
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	52	-	-	52
Profit for the period	-	-	12,277	-	12,277
Total comprehensive income for the period	-	52	12,277	-	12,329
<b>Balance at 31 March 2014</b>	67,148	(1,522)	22,878	13,286	101,790

	Attributable to equity holders of the Company			Total equity RMB'000
	Share capital RMB'000	Currency translation reserve RMB'000	Revenue reserve/ (accumulated losses) RMB'000	
<b>Company</b>				
<b>Balance at 1 January 2013</b>	67,148	(2,368)	(13,808)	50,972
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	413	-	413
Loss for the period	-	-	(2,553)	(2,553)
Total comprehensive income for the period	-	413	(2,553)	(2,140)
<b>Balance at 31 March 2013</b>	67,148	(1,955)	(16,361)	48,832
<b>Company</b>				
<b>Balance at 1 January 2014</b>	67,148	(1,579)	20,539	86,108
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	54	-	54
Loss for the period	-	-	(2,752)	(2,752)
Total comprehensive income for the period	-	54	(2,752)	(2,698)
<b>Balance at 31 March 2014</b>	67,148	(1,525)	17,787	83,410



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**1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the share capital of the Company in 1Q 2014.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2014.

**1(d) (iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>31/3/2014</b>	<b>31/12/2013</b>
Total number of issued shares (excluding treasury shares)	196,320,000	196,320,000

**1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2013.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2014. The adoption of the above FRS and INT FRS did not have any significant impact on the financial statements of the Group.

- 6 **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended	
	31/3/2014 RMB	31/3/2013 RMB
(a) Based on weighted average no. of shares	0.06	(0.01)
(b) Based on fully diluted basis	0.06	(0.01)
Weighted average no. of shares applicable to basic earnings per share	196,320,000	196,320,000
Weighted average no. of shares based on fully diluted basis	196,320,000	196,320,000

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	← Group →		← Company →	
	31/3/2014 RMB	31/12/2013 RMB	31/3/2014 RMB	31/12/2013 RMB
Net asset value per ordinary share	0.52	0.46	0.42	0.44

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Statement of Comprehensive Income**

A review of the statement of Comprehensive Income for the financial period ended 31 March 2013 ("1Q 2013") and 1Q 2014 are as follows:-

#### **Revenue**

The Group registered 146% growth in revenue to RMB 255.6 million 1Q 2014 compared with RMB 103.7 million in 1Q 2013 mainly due to contribution from additional stores comprising three stores in Quanzhou City and one store in Xiamen City being in operation in 2Q 2013 and 4Q 2013 respectively.

The Group's store in Nanjing City, namely Nanjing Nanzhan Store opened in September 2012. It is situated within the development area of the Nanjing Mingfa Commercial Centre, next to the Nanjing Railway Station which is the biggest train station in Asia. The Nanjing municipal government aims to create a retail and entertainment hub in the development area. As the surrounding area of Nanjing Nanzhan Store is under construction causing low human traffic in the area, the sales activities of Nanjing Nanzhan Store has yet to reach its full potential despite slight improvement in its sales and lower operating expenses attributable to a restructuring of its operation.

#### Gross profit and gross profit margin

The Group's gross profit improved by 111% to RMB 90.1 million in 1Q 2014 compared with RMB 42.8 million in 1Q 2013 which are in line with the growth in revenue in the respective financial period.

As our cost of sales is incurred solely in respect of our direct sales activities, a discussion on the gross profit margins for our rental, managed rental and concessionaire sales activities is not meaningful.

The Group's gross profit and gross profit margin in respect of our direct sales activities are set out below:

	← Group →		Change + / (-) %
	3 months ended		
	31/3/2014 RMB'000	31/3/2013 RMB'000	
Revenue from direct sales activities	187,376	67,271	179
Cost of sales	<u>(165,536)</u>	<u>(60,947)</u>	172
Gross profit from direct sales activities	<u>21,840</u>	<u>6,324</u>	245
Gross profit margin on direct sales activities	11.7%	9.4%	2.3

The gross profit margin for the direct sales activities improved from 9.4% in 1Q 2013 to 11.7% in 1Q 2014.

#### Other income

Other income increased by 35% to RMB 10.2 million compared with RMB 7.5 million mainly due to higher advertisement and promotion income in 1Q 2014 offset by decrease in management fee due to the cessation of management fees charged in respect of Quanzhou Tumen Store and Quanzhou Quianxiu Store following the completion of the transfer of business and undertakings of these stores in May 2013 (the "Transfer").

For further understanding of the Transfer, kindly refer to the Company's announcement dated 12 March 2013 and its Circular to Shareholders dated 3 April 2013.

#### Selling and distribution expenses

Selling and distribution expenses increased by 66% to RMB 66.7 million in 1Q 2014 compared with RMB 40.2 million in 1Q 2013 mainly due to higher costs to support the growth in sales activities in the respective financial period such as staff costs, rental expenses, utility charges and business tax and surcharges.

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For rental expenses, our stores operate on leased premises on a fixed tenure and rental is charged on an increasing basis over their lease periods. Based on the Group's accounting policy, rental expenses on increasing basis are amortised equally over the entire period of any lease. As such, apart from the actual rental expense charged by the landlords, rent-free incentives and step rental provision of RMB 6.1 million was accrued in 1Q 2014 and was non-cash in nature.

#### Administrative expenses

Administrative expenses increased by 57% to RMB 17.0 million in 1Q 2014 compared with RMB 10.8 million in 1Q 2013 mainly due to additional administrative expenses such as staff costs for the operation of the additional stores.

#### Share of results of associate

The Group took a 30% interest in Citi-Base Commerce Logistics (Xiamen) Co., Ltd. ("Citi-Base") to establish a logistics centre in Xiamen City in FY 2011.

The Group's share of the pre-operating losses amounted to RMB 0.2 million in 1Q 2014, due to the pre-operating expenses incurred by Citi-Base.

#### Taxation

The tax expenses of the Group increased from RMB 2.0 million in 1Q 2013 to RMB 4.3 million in 1Q 2014 mainly due to profit contribution from its additional stores in the respective financial period.

#### Profit/(loss) after taxation

As a result of the factors above, the Group recorded a net profit of RMB 12.3 million in 1Q 2014 compared with a net loss of RMB 2.7 million in 1Q 2013 mainly due to significant contribution from its additional stores in Quanzhou City and improvements from its existing stores in Xiamen City and Nanjing City. Nevertheless its latest store in Xiamen City which opened in November 2013, is going through a gestation period.

### **Balance Sheet**

A review of the balance sheet items as at 31 December 2013 and 31 March 2014 are as follows:-

#### Non-current assets

Non-current assets increased by RMB 5.1 million or 6% to RMB 92.8 million as at 31 March 2014 compared to RMB 87.7 million as at 31 December 2013 mainly due to (i) increase in property, plant and equipment by RMB 3.4 million for the setup of new stores; and (ii) increase in deferred tax assets by RMB 1.8 million as a result of the temporary tax differences mainly relating to the rent-free incentives and step rental provision during the financial period.

#### Current assets

Current assets decreased by RMB 5.0 million or 1% to RMB 369.9 million as at 31 March 2014 compared to RMB 374.8 million as at 31 December 2013 mainly due to (i) decrease in trade and other receivables by RMB 36.9 million as a result of receipt of payments for selling prepaid cash cards to corporate; and (ii) decrease in inventories by RMB 5.0 million for lower sales activities after seasonal vacations, offset by (iii) increase in cash and cash equivalents by RMB 32.8 million mainly resulting from cash generated from operating activities, offset by cash used for the setup of new stores; and (iv) increase in prepayments by RMB 4.3 million mainly relating to prepaid rent.

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### Current liabilities

Current liabilities decreased by RMB 18.9 million or 6% to RMB 276.7 million as at 31 March 2014 compared to RMB 295.6 million as at 31 December 2013 mainly due to decrease in trade and other payables and other liabilities by RMB 23.7 million, offset by increase in amount due to related parties by RMB 5.4 million resulting from using Group's prepaid cash cards by consumers in its managed stores.

### Non-current liabilities

Non-current liabilities increased by RMB 6.6 million or 9% to RMB 84.1 million as at 31 March 2014 compared to RMB 77.5 million as at 31 December 2013 mainly due to increase in other liabilities by RMB 6.1 million resulting from the increase in rent-free incentives and step rental provision during the financial period.

### Cash flow statement

The Group reported a net increase of RMB 32.8 million in cash and cash equivalents in 1Q 2014 mainly due to:

- 1 Net cash generated from operating activities amounting to RMB 37.9 million in 1Q 2014. This was attributable mainly to the following:
  - (i) operating cash flows before working capital changes of RMB 25.3 million in 1Q 2014 after adjustment mainly for rental-free incentives and step rental provision of RMB 6.1 million which were non-cash in nature, and depreciation of property, plant and equipment and amortisation of intangible assets of RMB 2.1 million;
  - (ii) an decrease in trade and other receivables of RMB 37.1 million in 1Q 2014 as a result of receipt of payments for selling prepaid cash cards to corporate; and
  - (iii) an decrease in inventories of RMB 4.6 million in 1Q 2014 for lower sales activities after seasonal vacations,

Offset by:

- (iv) an decrease in trade and other payables of RMB 18.4 million in 1Q 2014 as a result of payments to suppliers;
  - (v) income tax of RMB 6.8 million paid in 1Q 2014.
- 2 Net cash used in investing activities amounting to RMB 5.2 million in 1Q 2014 mainly for acquisition of property, plant and equipment for the setup of new stores.

### **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance in 1Q 2014 is largely in line with what was previously reported or disclosed.

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**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group plans to continue with the expansion of its store network in key locations over the coming years. In 2014, the Group expects to open two additional stores, namely the Quanzhou Qiaonan Store and Quanzhou Hui'an Chengnan Store. These stores are located in areas with high traffic flow and proximity to residential and commercial hubs.

Looking further ahead, the Group also has two stores in the pipeline for 2015; the Quanzhou Quangang Zhongxing Store, located at the intersection of the central Quangang District's two main roads, and the Zhangzhou Longwen Store, which is next to Zhangzhou's Central Business District. The Group also recently announced the leasing of retail premises in Anxi County, Quanzhou City. This is expected to be fully operational in 2016.

The Group is confident in the growth of its strategically-located stores. In particular, the Xiamen Wucun Store is expected to benefit from a greater flow of human traffic when the train station re-opens in early 2015.

The Group has also been able to achieve greater cost savings at the Nanjing Nanzhan Store, which will further mitigate the impact of this store's underperformance, as the ongoing development of the area continues to impede human traffic flow.

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend recommended for the current financial period reported on?**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the current financial period reported on.

**13 Interested person transactions**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB 1,632,000	-

The Group has not obtained a general mandate from Shareholders for interested person transactions.

**14. Negative confirmation pursuant to Rule 705(5).**

The Board of Directors confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results for the first quarter ended 31 March 2014 of the Group and the Company to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**ZHONGMIN BAIHUI RETAIL GROUP LTD.  
EXECUTIVE CHAIRMAN**

**12 May 2014**