ZHONGMIN BAIHUI RETAIL GROUP LTD.
(Incorporated in the Republic of Singapore)
(Registration No. 200411929C)

CESSATION OF OPERATION IN THE NANJING NANZHAN STORE

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Zhongmin Baihui Retail Group Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Group has decided to cease operation in the Nanjing Nanzhan Store located in Jiangsu province, the PRC (the "**Store**").

2. RATIONALE OF THE CESSATION OF OPERATION

The Store has remained unprofitable since its opening in year 2012. The development of the surrounding area of the Store is progressing slower than expected. Even though the Group has reduced its losses due to the operation of the Store over time, the Group believes that its resources could be better deployed elsewhere. The department store and supermarket sections of the Store have ceased operation recently, and the tenants occupying the remaining area are in the process of moving out. The Group will hand over the Store to the landlord once the place is vacated.

3. IMPACT OF THE CESSATION OF OPERATION OF THE STORE

As the Group is still in negotiation with the landlord in relation to the termination of the lease of the Store ("**Termination**"), the financial impact arising from the cessation of operation of the Store is subject to terms and conditions of the Termination. There is a potential gain from the Store closure, though largely non-cash in nature, amounting to approximately RMB41 million before taking into account the operating losses from the Store for the year.

The table below shows a breakdown of the preliminary estimated financial impact of closing the Store:

	RMB (mil)
Impairment loss on property, plant and equipment	(14.3)
Reversal of rent-free incentives and step rental provision	74.0
Reversal of deferred tax assets from the rent-free incentives and step rental provision	(18.5)
Preliminary estimated financial gain*	41.2

Note:

* The preliminary estimated financial gain does not take into account any compensation to be paid to the landlord.

4. FURTHER UPDATE

Shareholders are cautioned that as of the date of this Announcement, the Group has yet to confirm the terms of the Termination with the landlord of the Store. The Company will make further announcement to update the shareholders when there are further developments in relation to the cessation of operation of the Store, the Termination, as well as the financial impact arising therefrom and in connection therewith.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and, to the best knowledge of the Directors, none of the controlling shareholders of the Company, has any direct or indirect interest in the abovementioned cessation of operation of the Store.

By Order of the Board

Lee Swee Keng
Executive Chairman
12 July 2016