



中国百汇
 百汇购物 温馨倍至
 ZHONGMIN BAIHUI RETAIL GROUP LTD.

Annual Report 2015



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Corporate Profile

公司简介

Zhongmin Baihui Retail Group Ltd. (the “Group” or “ZMBH”) is principally engaged in the ownership, operation and management of department stores and supermarkets in the People's Republic of China (the “PRC”) under the name “中闽百汇”. From its first store in Anxi County, Quanzhou City, Fujian province in 1997, the Group has expanded its footprint in Fujian province and Jiangsu province to operate ten self-owned stores and four managed stores spanning an aggregate gross floor area of 198,600 sq m as at 1 January 2016. The Group's revenue is mainly derived from four sources, namely, direct sales, commission from concessionaire sales, rental income and income from managed rental.

ZMBH was incorporated in Singapore on 17 September 2004, listed on the Catalist Board of the Singapore Exchange (“SGX”) on 20 January 2011 and subsequently transferred to the Mainboard on 3 September 2013.

The Group has two self-owned stores in Xiamen City, Fujian province. Its flagship Xiamen Wucun Store, 28,700 sq m in size, occupies three floors of a building and boasts a large underground shopping area. Strategically located in the heart of a major transportation hub and beneath a major bustling street, the underground shopping area is linked by a network of walking paths and underground pedestrian crossings to bus terminals, a bus rapid transit station and the Xiamen Railway Station. The Xiamen Lvcao Store, 23,300 sq m in size, is situated in the heart of a residential area with high traffic flow.

The Group has a strong presence in Quanzhou, with a total of nine stores (six self-owned and three managed stores) occupying gross sales area of 95,200 sq m (GFA of 73,900 sq m for self-owned stores and GFA of 21,300 sq m for managed stores). Besides the prefectures of Quanzhou and Xiamen, the Group's other Fujian stores are a managed store in Zhangzhou and a self-owned store in Putian.

Beyond the Fujian province, the Group also has a self-owned Nanjing Nanzhan Store in Nanjing, Jiangsu province.

With nearly 20 years of strong retail reputation under the “中闽百汇” brand, the Group offers a colourful shopping experience

with a wide variety of quality merchandise, lifestyle products and customer-oriented services catering to the middle to high income bracket consumers. Its stores also have sizeable supermarkets which provide an extensive range of groceries. By developing strong relationships with well-known international and domestic brands, the Group constantly optimizes its product mix to bring more retail value to consumers. The Group's philosophy is to be people-oriented, have a positive worth ethic, provide service with a smile, and to contribute to society. This brings all employees together and fosters the values of Unity, Dedication, Faithfulness, and Service (团结、敬业、忠诚、服务) within the entire team. The Group adheres strongly to the importance of quality, understanding the consumer, having commitment and integrity, and not prioritising short-term gain at the expense of long-term goals. With all its actions grounded in integrity, Zhongmin Baihui aims to provide quality goods and services to its customers with a spirit of innovation. In line with rising consumption levels and increased tourist arrivals to Fujian province, the Group will continue with its expansion through the opening of new stores, acquisitions, joint ventures, and strategic alliances. The Group will continue to seek out suitable sites both within and beyond Fujian province to set up new department stores and supermarkets, and build up the network and brand equity of Zhongmin Baihui, with the goal of establishing itself as the leading department store chain in Fujian province and beyond.



Corporate Profile

公司简介



中闽百汇零售集团主要于中国以“中闽百汇”品牌经营及管理连锁商场。从1997年福建省泉州市安溪县开设第一家“中闽百汇”，本集团扩大在中国的业务，目前经营十家商场和管理四家商场，总店面积截至2016年1月1日为198,600平方米。本集团的收入主要来自“自营”，“联营”，“出租”和“承包”。

中闽百汇零售集团于2004年9月17日在新加坡注册成立，并于2011年1月20日在新加坡挂牌上市。本集团随后于2013年9月3日从凯利板块升级至主板。

本集团在福建省厦门市拥有两家商场。厦门梧村旗舰店楼高三层，并附设大型地下购物区，面积达28,700平方米。该购物中心位于厦门市交通枢纽的中心地带，设有行人隧道连接公交车站、长途汽车站和厦门高速列车站。中闽百汇吕厝商场（原嘉禾折扣商场）面积为23,300平方，位于厦门市湖里区嘉禾路与吕岭路交汇处（公交吕厝站），有多条公交线路到达各处，交通十分的便捷，吕厝地铁站是将于2017年开通。

集团还在泉州市拥有九家商场（五家经营店，三家管理店），总店面积为95,000平方米（经营店为73,900平方米，管理店为21,300平方米）。在福建省，集团还有一家在莆田市仙游县的经营店和一家在漳州的管理店。

在福建省以外，集团现拥有江苏省的南京南站店。

集团经营“中闽百汇”超过十七年，为中高收入阶层消费者提供各种各样的优质商品，让客户享受多元化的购物体验。本集团的核心价值观就是“以人为本，快乐工作；乐于助人，奉献社会”，给员工主人翁的认同感，从而打造团结、敬业、忠诚、服务的团队。集团倡导的质量第一，明白消费；信守承诺，今天不赚明天的钱的经营理念，并以诚信经营、开拓创新的质量方针为消费者提供优质的商品和服务。随着中国人均消费水平的不断提高，以及到访福建省内的国内外游客日益的增加，中闽百汇计划通过开设新商场、收购、合资及策略联盟的方式，继续在省内外寻找合适的场所开设购物中心及中小型民生超市，并致力与品牌的拓展，打造了“中闽百汇”知名品牌，努力实现成为在福建省内领先的购物中心的愿景。



Location of Department Stores

商场位置分布图



开业进程





福建省泉州市安溪店 Quanzhou Anxi Store

面积: 6,400平方米

开业年份: 1997年10月 (2006年搬至新店)

地理环境: 泉州安溪店位于安溪县商业中心, 人流稠密。

Gross floor area: 6,400 sq m

Commencement: Oct, 1997 (relocated in 2006)

Location: The Quanzhou Anxi Store is located in a lively commercial and residential area in Anxi County.

福建省泉州市涂门店 Quanzhou Tumen Store

面积: 16,400平方米

开业年份: 1999年10月

地理环境: 泉州涂门店位于人流旺盛的泉州市市中心。

Gross floor area: 16,400 sq m

Commencement: Oct, 1999

Location: The store is situated in a popular shopping belt in the city centre of Quanzhou City.



福建省泉州市泉港店 Quanzhou Quangang Store

面积: 4,000平方米

开业年份: 2003年10月

地理环境: 泉州泉港店位于泉港区中心处的石油化工工业区, 也是人流稠密的住宅中心。

Gross floor area: 4,000 sq m

Commencement: Oct, 2003

Location: The store is in the town centre of Quangang District, which is a petrochemical industrial region.



福建省漳州市中山店 Zhangzhou Zhongshan Store

面积: 11,100平方米

开业年份: 2003年11月

地理环境: 漳州中山店位于漳州市市中心, 人流稠密。

Gross floor area: 11,100 sq m

Commencement: Nov, 2003

Location: The Zhangzhou Zhongshan Store is located in the city centre of Zhangzhou City with high pedestrian flow.



福建省泉州市泉秀店 Quanzhou Quanxiu Store

面积: 10,400平方米

开业年份: 2006年10月

地理环境: 泉州泉秀店位于人口密集的泉州市市中心, 连接公交网络, 人流稠密。

Gross floor area: 10,400 sq m

Commencement: Oct, 2006

Location: Located in a densely populated area, connected to a public transportation network.

福建省泉州市惠安惠兴店 Quanzhou Huian Huixing Store

面积: 10,900平方米

开业年份: 2009年4月

地理环境: 泉州惠安惠兴店位于人口密集的惠安县中心处, 四周为住宅。

Gross floor area: 10,900 sq m

Commencement: Apr, 2009

Location: The store is in the heart of Hui'an County, in a densely populated residential area.





福建省厦门市梧村店 Xiamen Wucun Store

面积: 28,700平方米

开业年份: 2009年12月

地理环境: 厦门梧村店位于厦门市最繁华的梧村商圈中心, 为福建省最大的地下购物中心之一, 设有行人隧道连接厦门高速列车, 长途汽车站, 公交车站和BRT站点, 为厦门市交通枢纽的人流中心地带。

Gross floor area: 28,700 sq m

Commencement: Dec, 2009

Location: The Xiamen Wucun Store is one of the largest underground retail malls in Fujian province. It is located in the commercial centre of Xiamen City, in the heart of a transportation hub that is a nexus linked by walkways and underground pedestrian crossings to bus terminals, a Bus Rapid Transit station and Xiamen Railway Station.

福建省厦门市吕厝店 Xiamen Lvcuo Store

面积: 23,300平方米

开业年份: 2011年10月

地理环境: 厦门吕厝店位于厦门市人口密集的住宅区中心, 正在施工的地铁1号线及2号线交叉点。

Gross floor area: 23,300 sq m

Commencement: Oct, 2011

Location: Located in a densely populated area, the Store is located next to the subway interchange station for line 1 and line 2 currently under construction.



江苏省南京市南京店 Nanjing Nanzhan Store

面积: 33,600平方米

开业年份: 2012年9月

地理环境: 南京南站店与南京南站紧邻。目前南京南站为亚洲最大火车站。

Gross floor area: 33,600 sq m

Commencement: Sep, 2012

Location: The store is located near the Nanjing Railway Station, currently the largest train station in Asia.





福建省泉州市新华店 Quanzhou Xinhua Store

面积: 14,400平方米

开业年份: 2013年4月

地理环境: 泉州新华店位于泉州市的一个老城区里, 紧邻几个旅游景点和住宅区。

Gross floor area: 14,400 sq m

Commencement: Apr, 2013

Location: The Xinhua Store is situated in a historic district of Quanzhou City, near places of attraction for visitors.

福建省泉州市桥南店 Quanzhou Qiaonan Store

面积: 6,300平方米

开业年份: 2014年9月

地理环境: 泉州桥南店位于连接中心市区、晋江、泉州开发区和江南片区的中心地带。

Gross floor area: 6,300 sq m

Commencement: Sep, 2014

Location: The store is located at the intersection to several city centres such as Jinjiang District, Quanzhou Development District and South District of Quanzhou Bridge.



福建省莆田市仙游店 Putian Xianyou Store

面积: 6,700平方米

开业年份: 2015年12月

地理环境: 莆田仙游店位于仙游鲤中文体绿化广场, 在仙游县中心公园广场范围内, 人流稠密, 集购物、休闲、娱乐一站式消费地点。

Gross floor area: 6,700 sq m

Commencement: Dec, 2015

Location: Located in the busy Xianyou Lizhong Wenti Lvhu Square, which is within part of the Central Park of Xianyou County,





福建省泉州市惠安城南店 Quanzhou Huian Chengnan Store

面积: 25,400平方米

开业年份: 2014年11月

地理环境: 泉州惠安城南店位于惠安县城南部, 一座综合Mall的宏毅百汇广场内, 紧邻惠安县螺阳镇城区。

Gross floor area: 25,400 sq m

Commencement: Nov, 2014

Location: The store is in Hongyi Baihui Centre, which is an integrated shopping mall adjacent to the Luoyang town area in Hui'an County.

福建省泉州市万祥店 Quanzhou Wanxiang Store

面积: 1,000平方米

开业年份: 2016年1月

地理环境: 万祥店位于一个繁华的住宅区, 是我们的第一家社区超市。主要以生鲜和超市业态为主, 满足当地社区居民购物需求。

Gross floor area: 1,000 sq m

Commencement: Jan, 2016

Location: The Wanxiang Store, located in a busy residential area, is our first localised store. The store carries supermarket products and caters to the local community shopping needs.



Chairman's Statement

主席致词



Dear Shareholders,

I am pleased to present the Company's Annual Report for 2015.

The year 2015 was challenging for many economies, industries and companies globally. In China, the economy continues to adjust to a period of lower growth, dis-inflationary conditions, excess capacities and volatile domestic capital markets. Whilst we are witnessing softening demand in many segments, we envision a soft landing of the Chinese economy, that is, a period of weak growth follows by a higher and more sustainable growth rate.

Notwithstanding the economic challenges, we achieved good results for fiscal year 2015, with our net profit growing to a record of RMB52.6 million. To reward our shareholders, we paid out dividends of SGD4.5 cents per share in 2015.

Changes in the macro environment made it necessary for us to adjust our operating model. Many of our peers experienced negative growth in same-store sales in 2015. As such, we chose to de-emphasise sales growth and gross floor area (GFA) growth, and focus instead on cost and productivity, thereby maximising our profit and return on shareholders' equity (ROE).

Our store openings have become more selective. We added a store in Xianyou City in the Putian Prefecture, Fujian Province, with a size of 6,700 sq m in Dec 2015. The store is located in an older part of the city with good foot traffic. The Xianyou Store has low rents locked in for many years and it should not be too onerous on the Company as it goes through an initial gestation period. We closed our loss-making Xiamen Zhongsan Store in July 2015. As such, our total GFA in 2015 was lower than the previous year. We signed leases for two relatively smaller stores in late 2015, one of which opened in Jan 1, 2016 and the second is due to open in the second half of 2016. The first small store, Quanzhou Wanxiang Store, is a 1,000 sq m store that carries only supermarket products, which come under our direct sales segment. The Wanxiang Store differs from our other stores that offer a mix of concessionaire products and supermarket items. The second store with a size of 3,600 sq m in Anxi, Quanzhou Prefecture, is likely

to carry supermarket products and with some space being sub-leased out.

We are cautiously optimistic of our strategy of opening smaller format stores. This strategy entails lower financial risk and shorter turnaround time as compared to opening larger stores. The current weaknesses in the commercial property market has given us more opportunities to explore suitable leases. Nevertheless, we will stay vigilant, and pace ourselves in the opening of small or large stores.

We have been quite effective in reducing our operating costs. By having a flatter reporting structure in our sales force, we were able to reduce the required staff without significantly over-loading them with work. We revamped our product offerings to reduce items that required dis-proportionally higher sales effort but without commensurately high profit margins. Our teams meet regularly to discuss ways to increase productivity, reduce wastage, and address feedback from our customers.

The reduction in sales staff strength has not led to a decrease in customer satisfaction. In fact, I am pleased to announce that in 2015, the consumers in Quanzhou voted ZMBH as one of the top ten retailers in terms of customer satisfaction. Such recognition does not come easy, especially with demanding customers in a competitive retail landscape in China. Although ratings may rise and fall, our staff will continue to work hard to ensure customer satisfaction remains a top priority.

I hope our shareholders will give us their support as we face the upcoming challenges and uncertainties. Together, we will emerge as a stronger organisation. Thank you.

Lee Swee Keng
Executive Chairman



尊敬的各位股东:

我很高兴在此呈现公司2015年度的年报。

2015年对全球许多经济体、行业和企业来说，都是充满挑战的一年。中国的经济继续朝较低增长、反通胀条件、产能过剩，以及不稳定的国内资本市场等方向调整。我们见证了许多领域的需求趋软，同时也预见中国经济的软着陆，即经过一段时期的疲弱增长后，迎来更高和更有持续性的增长率。

尽管面临经济上的挑战，我们在2015财政年度仍取得良好的业绩，净利的增长获得史上最高的人民币5260万元。为了回报各位股东，我们在2015年派发每股0.45角新元的红利。

宏观环境的改变，使得我们有必要调整我们的营运模式。我们的同行在2015年经历了同店销售额负增长的处境。因此，我们选择不强调销售增长和店面毛面积（GFA）的增长，而将重点集中在降低成本和提高生产力，以便最大化利润和股东的资本回报率（ROE）。

我们在选择开设新店铺上变得更严谨。2015年12月，我们在福建省莆田市仙游县开设一间面积6700平米的新店铺。店铺位于县城里的老区，人流旺盛。仙游店的租金不高，而且已锁定几年，对正在经历调整初期的公司来说，不算是大的负担。2015年7月，我们关闭了亏损的厦门中山店。因此，我们2015年的总店面毛面积，比上一年低。2015年下半年，我们租下两个面积相对较小的店铺，一间在2016年1月1日开张，另一间预计在2016年下半年开始营业。第一间小店是面积1000平米的泉州万祥店，只售卖我们直销部门负责的超市产品。万祥店和我们其他提供专营产品和

超市产品的店铺不同。第二间店面积3600平米，位于泉州市安溪县，计划售卖超市产品，部分店面则会分租出去。

我们对设立较小面积店铺的战略，抱着审慎乐观的态度。和设立较大店铺比较起来，这个战略在财务上面对较低的风险，需要的周转时间也较短。商业房地产市场目前的弱点，为我们提供更多寻找合适店铺的机会。尽管如此，我们会保持警惕，在开设较大或较小的店铺上适当地调整步伐。

在减少营运成本上，我们的措施相当有效。随着销售团队更扁平化，我们在减少中层人员的同时，并不会加重团队成员的工作负担。我们改进产品，减少了用工大而不能产生利润的产品。我们的团队定期会面，讨论提高生产力、减少浪费的方法，我们很认真为顾客着想，尽可能满足顾客的需求。我很高兴地宣布，泉州市民认同中闽百汇市为2015年度市民十佳最喜爱的品牌企业之一。客户对我们的认可得之不易，尤其是来自在中国竞争激烈的零售领域中，要求很高的客户。但我们的员工将继续努力工作，确保以客为尊。

我希望各位股东能支持我们，面对即将到来的挑战和不确定性。只要我们同心同德，我们的企业一定会更强大。谢谢！

李瑞庆

执行主席

CEO's Statement

主席致词



Dear Shareholders,

We are pleased to announce a record net profit of **RMB52.6 million** for the fiscal year 2015, up **64.6%** from the previous year.

We are pleased to announce a record net profit of RMB52.6 million for the fiscal year 2015, up 64.6% from the previous year. The improvement in our results was mainly due to a concerted effort to raise our margins by reducing costs. In line with our strong earnings growth and strong cashflow generation, we have raised our dividend payment for 2015 to SGD4.5 cents per share compared to SGD2.5 cents per share in the previous period.

A combination of factors affected our top-line growth as the Group registered a decline in revenue of 6% to RMB829.9 million (a decline of 4.3% using gross sales revenue of RMB1308.5 million). China's macro-economic environment has been challenging. Factors which caused revenue to decline are: a dropping of lower-end merchandise which required more sales attention, a change in revenue mix slightly in favour of rental income versus concessionaires commission and direct sales, the closing of our loss-making Xiamen Zhongsan Store in July 2015 and an unseasonably warm year-end period. As a result of those factors, we saw gross sales proceeds from concessionaires falling 2% to RMB609.0 million, direct sales revenue falling 8% to RMB596.0 million and rental revenue increasing 13% to RMB68.3 million. Other income rose 11% to RMB77.6 million.

Our cost control measures were effective in reducing our selling and distribution expenses by 7% to RMB241.8 million and holding our administrative expenses flat at RMB73.9 million (RMB73.1 million previously).

Changing our profit mix helped improve various profit margin measures this year as compared to the previous year - gross profit margin for direct sales improved to 13.3% from 11.7%, overall gross profit margin improved to 23.9% from 22.8% (using gross sales proceeds), and pre-tax profit margin improved to 5.9% from 3.7%.

There was a significant reduction in losses at the Nanjing Nanzhan Store as we reduced our presence and increased rental proceeds

by subletting available space, while a tie-up with Beijing 19e to offer on-line purchases helped increase sales of our supermarket products. The development of the surrounding area at the Nanjing Nanzhan Store is progressing slower than expected. We will continue to explore various options to reduce our losses at this store.

The cashflow of the Group remained healthy in 2015 as net cash generated from operating activities amounted to RMB102.6 million whilst net cash used in investing activities amounted to only RMB8.1 million. We were able to keep our investing cashflow needs low due to our modest expansion programme. We added a new 6,700 sq m store in Putian in December 18, 2015 and a small 1,000 sq m store in Quanzhou in January 1, 2016. Of the net cash of RMB40.9 million used in financing activities, the bulk or RMB40.3 million was distributed as dividends to our shareholders. The result of those flows was a net increase of RMB54.0 million in cash and cash equivalents to RMB268 million. Our store expansion plan is expected to remain quite measured.

Although the macro-economic environment is likely to remain largely similar to last year, we expect sales in 2016 to be satisfactory due to the full restoration of train services at the Xiamen Train Station in early 2016, which should have a positive impact on the sales at our 28,700 sq m Xiamen Wucun Store. We also expect incremental sales revenue from the Putian Xianyou Store, the Quanzhou Wanxiang Store and a new Anxi store (expected opening in 2H16). We will continue to reduce operating costs and improve productivity at our stores.

With continued effort, we aim to make 2016 a good year for us, and ultimately, our stakeholders.

Chen Kaitong
CEO



尊敬的各位股东:

我们很高兴地宣布，我们在2015财政年度创下人民币5260万元的净利润记录，同比增长64.6%。

这主要是我们齐心协力降低成本，提高盈利的结果。和我们强劲盈利增长和创造强劲现金流一致的，是我们提高了2015年的分红，从上一年的每股0.25角新元，提高至每股0.45角新元。

众多因素影响了集团销售额的增长。集团的收入减少了6%，至人民币8.299亿元（若基于人民币13.085亿元的总销售收入，则减少了4.3%）。中国的宏观经济环境极具挑战性的情况下，我淘汰了一些用工较多的低端产品，并进行结构性的组合，调整为稍微倾向于租金收入的盈收组合；在2015年7月关闭亏损的厦门中山店；以及2015年第四季不寻常的气候高温。由于以上的因素，专营产品的总销售收入减少了2%，至人民币6.09亿元；直销收入减少了8%，至人民币5.96亿元；租金收入增加了13%，至人民币6830万元。其他收入则增加了11%，至人民币7760万元。

我们的成本控制措施有效，将销售和分销开支降低了7%，至人民币2.418亿元，我们尽管新开了门店，但行政开支则和上一年持平，为人民币7390万元（上一年为人民币7310万元）。

和上一年比较起来，今年我们改变盈利组合，直销的毛利率从11.7%增加至13.3%；整体集团的毛利率从22.8%增加至23.9%（基于总销售收入计算）；以及税前利润率从3.7%增加至5.9%。

在南京南站店，压缩了自营并将腾出来的面积出租，增加租金收入之后，我们大幅降低了南京南站店的亏损；而和北京19e的网购合

作，也提高了我们超市产品的销售。南京南站店周边的发展比预期来得慢。我们会继续探讨各种方法，以降低这个店铺的亏损。

集团在2015年的现金流保持健康态势，营运活动所产生的净现金为人民币1.026亿元；而用在投资活动的净现金只有人民币810万元。我们能够将用在投资的现金维持在低水平，是因为我们推行适中的扩展计划。2015年12月18日，我们在莆田添加了一间面积6700平米的店铺，2016年1月1日则在泉州添加了一间面积1000平米的小店铺。用于资金活动的现金为人民币4090万元，其中绝大部分，或人民币4030万元，是派发给股东的红利。这样的现金流，使现金净增加人民币5400万元，现金等值物净增加人民币2.68亿元。我们店铺的扩展计划预计会保持审慎。

虽然宏观经济环境仍然和去年大致相同，不过，随着厦门高铁的铁道交通服务在2016年初重启，为面积28700平米的厦门梧村店的销售额，带来利好影响，我们预测2016年的销售额及盈利还是能令人满意的。我们也预计莆田仙游店、泉州万祥店和新的安溪店（估计在2016下半年开张）能增加销售收入。我们将继续控制店铺的营运成本，并改进工作方法。我们将继续努力，促使2016年继续为我们和所有利益相关者创造好业绩。

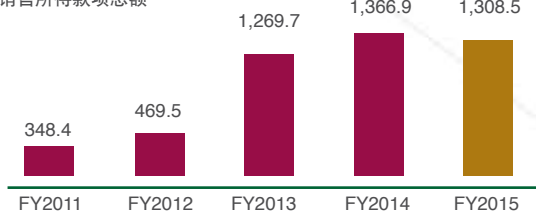
陈开通
总裁

Financial Highlights

财务摘要

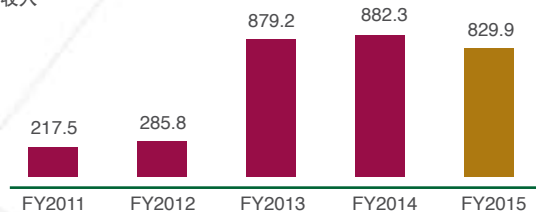
Gross sales proceeds (RMB' Million)

销售所得款项总额



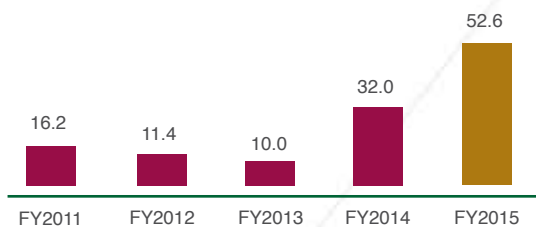
Revenue (RMB' Million)

收入



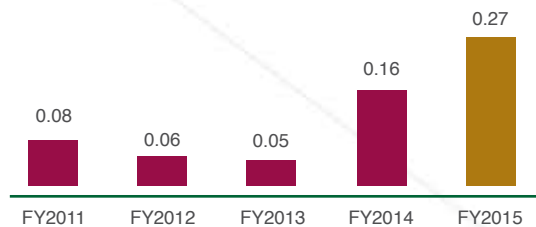
Profit for the year (RMB' Million)

年内利润



Earnings per share-Basic and diluted (RMB)

每股盈利 - 基本和稀释



	FY2011	FY2012	FY2013	FY2014	FY2015
Financial Results (RMB'000) 财务业绩 (人民币'000)					
Gross sales proceeds 销售所得款项总额 *	348,434	469,541	1,269,709	1,366,916	1,308,535
Revenue 收入	217,499	285,795	879,188	882,350	829,924
Profit before taxation 税前利润	24,669	22,991	28,277	50,476	77,393
Profit for the year 年内利润	16,218	11,406	9,982	31,983	52,644
Total comprehensive income for the year attributable to equity holders of the Company 公司权益所有者应占全面收入总额	16,255	10,803	10,775	31,803	53,062

	FY2011	FY2012	FY2013	FY2014	FY2015
Financial Position (RMB'000) 财务状况 (人民币'000)					
Non-current assets 非流动资产	23,728	50,079	88,103	110,059	118,120
Current assets 流动资产	147,007	210,462	374,819	395,785	425,917
Current liabilities 流动负债	(68,070)	(119,835)	(295,597)	(322,646)	(317,723)
Net current assets 净流动资产	78,937	90,627	79,222	73,139	108,194
Non-current liabilities 非流动负债	(34,784)	(62,022)	(77,505)	(81,183)	(111,543)
Total equity 总权益	67,881	78,684	89,460	102,015	114,771

Financial Ratios (RMB) 财务比率 (人民币)

Earnings per share					
- Basic and diluted 每股盈利 - 基本和稀释	0.08	0.06	0.05	0.16	0.27
Net asset value per share 每股净资产值	0.35	0.40	0.46	0.52	0.58

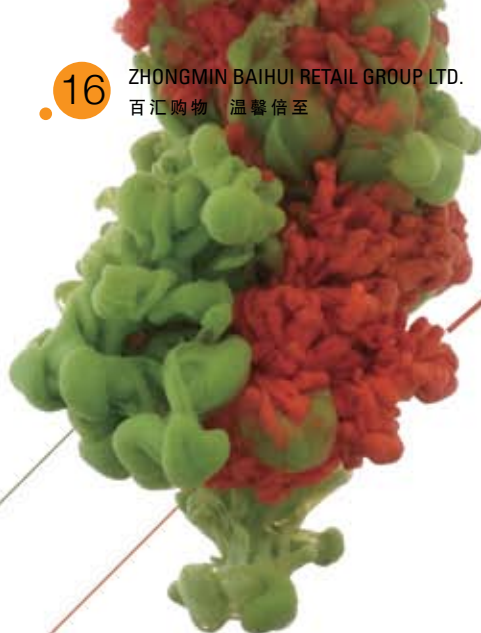
* Gross sales proceeds represent the aggregate sum of net amount received and receivable for goods sold by direct sales, gross amount of concessionaire sales, rental income and income from managed rental.

销售所得款项总额指来自自营及联营的销售所得款项、出租及承包的租金收入。

Group Structure

集团结构

**100%**Zhongmin Baihui
Development Pte. Ltd.中国百汇
发展有限公司**100%**Xiamen Shi
Zhongmin Baihui
Commercial Co., Ltd.厦门市中国百汇
商业有限公司**30%**Citi-Base
Commerce Logistics
(Xiamen) Co., Ltd.港基百汇商业物流
(厦门)有限公司**100%**Zhongmin Baihui
(Quanzhou) Commercial
Management Co., Ltd.中国百汇(泉州)
商贸管理有限公司**100%**Zhongmin Baihui
(Nanjing) Commercial
Co., Ltd.中国百汇(南京)
商贸有限公司**100%**Zhongmin Baihui
(Fujian) Logistics
Co., Ltd.中国百汇(福建)
物流有限公司



Board of Directors

董事会



Lee Swee Keng

Executive Chairman

Mr Lee is our Executive Chairman, was appointed to the Board in September 2004 and held directorships in various companies of the Group. He is responsible for charting and steering the Group's business direction, overall management, strategic planning and business development for the Group. He possesses over 30 years of experience as a business entrepreneur, establishing and managing businesses in industries ranging from food and beverage to construction machinery and equipment. As one of the founding shareholders, Mr Lee partnered Mr Chen Kaitong in the setting up and operating small scale department stores in Anxi, Fujian in early 1990s before embarking on setting up and operating larger stores in the subsequent years under the name of Zhongmin Baihui. Mr Lee was conferred PBM in 2015.



Chen Kaitong

CEO and Executive Director

Mr Chen is the one of the founders of the Group, a director of the Company since December 2008 and a director in various companies of the Group. Mr Chen is responsible for the Group's growth, operations, direction, strategic corporate planning and business development. He plays an important role in determining the opening and location of our new stores and formulating our business workflow and organisational structure. Mr Chen has more than 30 years of experience in the retail industry in China. From 1993 to 1997, he set up two small-scale department stores together with Mr Lee Swee Keng in Anxi, Fujian. He established the Anxi Store in 1997 followed by the rest of the stores in the succeeding years. Mr Chen received numerous awards for his contribution to the sector. In 2010, he was elected the Chairman of the Quanzhou City Chain Store & Franchise Association. He is a member of the National People's Congress representing Quanzhou City since 2007.

Board of Directors

董事会



Su Jianli

Deputy CEO (Marketing and Operations) and Executive Director

Mr Su Jianli was appointed to the Board in December 2008. His responsibilities include assisting the CEO in performing the daily running of the Group, with emphasis on strategic corporate planning, development of the Group's operations, implementation of quality management policies and marketing and sales. Mr Su possesses more than 16 years of experience at the management level in the power and apparel industries. He is also active in the operations of our managed stores.



Andrew Lim Kok-Kin

Executive Director

Mr Lim was a director of the Company since January 2012. He served as non-executive director till a re-appointment as executive director in May 2015. He is a Chartered Financial Analyst since 1993 and has over 15 years of working experience in the investment industry. He was Chief Investment Officer of S.E.A. Asset Management Pte Ltd from 2011 to 2014 and Senior Fund Manager of Pheim Asset Management (Asia) Pte Ltd from 2007 to 2010. He previously held asset management positions at the Abu Dhabi Investment Authority in Abu Dhabi and MMG Investments in Dubai. He also taught at the School of Business, Singapore Polytechnic. Mr Lim graduated with a Bachelor of Science (Industrial Engineering) from the University of Texas (El Paso) and Master of Business Administration from the University of Texas (Austin).



Su Caiye

Non-Executive Director

Mr Su Caiye was appointed as Director in December 2008, and is presently the General Manager and legal representative of Quanzhou Zhongmin Baihui, the parent company of our managed stores. Mr Su has more than 20 years of experience in the retail industry, beginning with a sole-proprietorship retail shop selling mainly apparel in 1992. He was involved in the establishment of Xiamen Zhongmin Baihui.

Board of Directors

董事会



Koh Lian Huat

Independent Director

Mr Koh was appointed to the Board on 20 December 2010. He was a sole-proprietor of Koh Lian Huat & Co, an accounting firm, for 17 years till 1999. He was a partner at Ng, Lee & Associates-DFK from 2000 to 2003. He established Huat Associates in 2004 and was a partner from 2007 to 2010. Mr Koh is a Justice of the Peace, was conferred PBM, BBM and BBM(L) in 1985, 1993 and 2007 respectively and serves as vice-chairman of the Tampines East Citizens' Consultative Committee. Mr Koh is an Independent Director of Hock Lian Seng Holdings Ltd. Mr Koh holds a degree in Bachelor of Commerce (Accountancy) from Nanyang University and is a fellow member of CPA Australia, the Institute of Singapore Chartered Accountants and the ACCA.



Dr Ong Seh Hong

Independent Director

Dr Ong was appointed as independent director in December 2010. He is currently a practising Psychiatrist. From 2000 to 2009, Dr Ong was with the Ren Ci Hospital & Medicare Centre where he last held the posts of Clinical Director and Chief Operating Officer. From 1997 to 1999, he was HR Manager and VP (Corp Services), GIC Special Investment, Government of Singapore Investment Corporation Pte Ltd (GIC). He was a Member of Parliament from 2001 to 2011. Dr Ong is currently an independent director of Dyna-Mac Holdings Ltd, Hock Lian Seng Holdings Ltd and MoneyMax Financial Services Ltd. Dr Ong holds an MBBS from the National University of Singapore (NUS) in 1987 and a degree in Master of Science in Applied Finance from NUS.



Xu Ruyu

Independent Director

Ms Xu was appointed to the Board on 20 December 2010. Possessing more than ten years of experience in legal practice in China, she is presently a partner of Grandall Legal Group (Shanghai). Ms Xu's main areas of practice include IPOs, mergers, acquisitions and restructuring, reverse mergers or refinancing in overseas stock exchanges and corporate practices. Ms Xu holds a Bachelor of Law from Shanghai Jiao Tong University and a Master of Laws in International & Comparative Law (Honours) from Chicago- Kent College of Law, USA. She was admitted to the New York State Bar in February, 2010.

Key Management

高级管理层

Wang Liyu

Deputy CEO (Administration and Human Resources)

Ms Wang joined the Group in 2010, and is responsible for managing our Group's administration matters as well as in overseeing the full spectrum of human resource related matters including employee recruitment, training, relations and welfare. Prior to joining the Group, Ms Wang was an accountant at the Fujian Motor Industry Group Co., Ltd, and the financial controller of Quanzhou Zhongmin Baihui from 2000 to 2010. Ms Wang holds a Diploma in Finance and Accounting from Fujian Commercial College.

Jian Aihong

Operations Manager

Ms Jian joined the Group in 2010 as Operations Manager and assists the Deputy CEO in general operations and coordination efforts in new store opening. She is also responsible for quality assurance, safety management and administrative functions of the Group. Prior to joining the Group, Ms Jian served as manager at Unipay Management and personal assistant to the general manager of Quanzhou Chuangxian Computer Science Co., Ltd. She joined Quanzhou Zhongmin Baihui in 2001 as an on-site manager and was subsequently held positions as office manager, store manager and operations manager. Ms Jian holds a Diploma in Music Education from Xiamen Normal College, China.

Jeffrey Kan Kai Hi

Chief Financial Officer

Mr Kan joined the Group on 1 July 2010, and is responsible for overseeing matters relating to accounting, financial administration, and the compliance and reporting obligations of our Group. Prior to joining the Group, Mr Kan held key appointments, including financial controller of Asia Water Technology Ltd, chief financial officer of Econat Fiber Limited, regional financial controller of BreadTalk Group Limited and financial controller and controlling accountant in the headquarters and subsidiaries of Ghim Li Group. He was with several audit firms from 1998 and last held the title of audit senior at KPMG (Singapore). Mr Kan holds a degree in Bachelor of Commerce (Accounting) from Curtin University of Technology, Australia and is a fellow member of CPA Australia.

Huang Pingping

Human Resource Manager

Ms Huang joined the Group in 2010 and assists the Deputy CEO (Administration and Human Resources) in administrative and human resource matters. She joined Quanzhou Zhongmin Baihui in 1999 and previously held posts in the Group as head of Children Wear's Department, on-site supervisor, on-site manager, assistant to operations manager, office manager and store manager. Ms Huang holds a Diploma in Business Administration and Management from The Open University of China.

Corporate Governance Report

企业治理

Zhongmin Baihui Retail Group Ltd. (the “**Company**”) together with its subsidiaries (the “**Group**”) recognises the importance, and is committed to maintaining a high standard of, corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company’s shareholders and promote investor confidence. This report outlines the Company’s corporate governance practices and structures in the financial year ended 31 December 2015 (“**FY2015**”), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the “**Code**”). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with the management to achieve this objective and the management remains accountable to the board.

The Board of Directors (“**Board**”) is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The constitution of the Company (“**Constitution**”) also provided for telephonic meetings.

The Company was transferred from the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Main Board of the SGX-ST on 3 September 2013. The number of Board and Board committee meetings held and attended by each Board member of the Company during the financial year under review is as set forth:

	Board	Board Committees		
		Audit	Nominating	Remuneration
Number of meetings held	4	4	2	2
	Number of meetings attended			
Mr Lee Swee Keng	4	4*	2*	2*
Mr Chen Kaitong	4	4*	2*	2*
Mr Su Jianli	2	2*	1*	1*
Mr Su Caiye	3	3*	1*	1*
Mr Andrew Lim Kok-Kin**	4	4***	2*	2
Dr Ong Seh Hong	4	4	2	2
Mr Koh Lian Huat	4	4	2	2
Ms Xu Ruyu	4	4	2	2
Mr Low Chui Heng****	2	2*	2	2*

* By Invitation

** With effect from 31 May 2015, re-designed from his then appointment as a Non-executive non-independent Director and member of the Audit Committee and the Remuneration Committee to an Executive Director and member of the Nominating Committee

*** Two (2) out of these four (4) meetings attended by invitation

**** With effect from 31 May 2015, resigned as an Executive Director of the Company and member of the Nominating Committee

Corporate Governance Report

企业治理

Matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Board and appointment of key personnel;
- quarterly and full-year results announcement, the annual report and accounts;
- interested person transactions;
- material acquisitions and disposal of assets;
- identification of the key stakeholder groups and recognition that their perceptions affect the Company's reputation;
- setting of the Company's value and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
- consideration of sustainability issues (eg. environmental and social factors) in the formulation of its strategies; and
- all matters of strategic importance.

All other matters are delegated to committees of the Board whose actions are monitored and endorsed by the Board. These committees include the Audit Committee, the Nominating Committee and the Remuneration Committee, all of which operate within clearly defined and written terms of reference and functional procedures, which are reviewed on a regular basis. Each of these committees reports its activities regularly to the Board, and their actions are reviewed by the Board.

The Board ensures that incoming newly-appointed Directors will be given an orientation on the Group's business strategies and operations and governance practices to facilitate the effective discharge of their duties. Newly-appointed Directors will also be provided with a formal letter setting out their duties and obligations.

The Company is responsible for arranging and funding the training of Directors. Board members have been and will be encouraged to attend seminars and receive trainings to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards. The Directors have received trainings, which were arranged by the Company during the year mainly in several areas including those covering the regulatory environment and financial and accounting technique.

Directors are also provided with an insight into the Group's operational facilities and periodically meet with the management of the Company ("**Management**") to gain a better understanding of the Group's business operations. The Board as a whole is updated on risks management and the key changes in the relevant regulatory which have an important bearing on the Company and the Directors' obligations to the Company.

The Company recognises that an organisation's success is not based solely on its business achievements, but also by the positive role it plays in community engagement and towards environmental sustainability. The Company strongly encourages its staff to be aware of social issues, to participate in fundraising initiatives, community projects and activities.

Corporate Governance Report

企业治理

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board currently comprises eight members, four of whom hold executive positions, one of whom is a Non-executive non-independent Director and three of whom are Independent Directors:

Mr Lee Swee Keng	Executive Chairman
Mr Chen Kaitong	Executive Director and Chief Executive Officer
Mr Su Jianli	Executive Director
Mr Andrew Lim Kok-Kin	Executive Director
Mr Su Caiye	Non-executive non-independent Director
Dr Ong Seh Hong	Independent Director
Mr Koh Lian Huat	Independent Director
Ms Xu Ruyu	Independent Director

With effect from 31 May 2015, Mr Low Chui Heng resigned as an Executive Director and Mr Andrew Lim Kok-Kin was re-designed from his then appointment as a Non-executive non-independent Director to an Executive Director.

The Company endeavours to maintain a strong and independent element on the Board. As there are three Independent Directors on the Board, the prevailing applicable requirement of the Code that at least one-third of the Board be comprised of Independent Directors is satisfied. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. All the board committee meetings are chaired by the Independent Directors.

Each of the Independent Directors has confirmed that he/she does not have any relationship with the Company or its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The Nominating Committee has reviewed and determined that the said Directors are independent. The independence of each Director has been and will be reviewed annually by the Nominating Committee based on the guidelines set forth in the Code.

There are no Independent Directors who have served on the Board beyond nine (9) years from the date of his or her first appointment.

The Board has examined its size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Nominating Committee is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

Corporate Governance Report

企业治理

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Executive Chairman of the Company is Mr Lee Swee Keng. The Chief Executive Officer of the Company is Mr Chen Kaitong. There is a clear division of responsibilities between the Executive Chairman and the Chief Executive Officer to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision-making. The requirement of the Code that the roles of Chairman and Chief Executive Officer be separate is therefore met in the case of the Company.

The Executive Chairman, Mr Lee Swee Keng, plays a vital role in charting and steering the corporate direction of our Group and is responsible for the overall management, strategic planning, business development and promoting high standards of corporate governance of the Group.

As the Chief Executive Officer of the Company, Mr Chen Kaitong is responsible for developing the overall strategic corporate planning and business development of our Group as well as the overall aspects of our Group. He plays an important role in determining the opening and location of our new store and formulating our business workflow and organisational structure.

The Chief Executive Officer, Mr Chen Kaitong, is a distant relative of the Executive Chairman, Mr Lee Swee Keng. The brother of Mr Lee Swee Keng's grandmother is the father of Mr Chen Kaitong, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. In view that the Executive Chairman, Mr Lee Swee Keng, is part of the management team, the Company has appointed Mr Koh Lian Huat, an Independent Director, to be the lead independent director. The Independent Directors will be available to the shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

Prior to 31 May 2015, the members of the Company's Nominating Committee during the financial period under review were Ms Xu Ruyu, Dr Ong Seh Hong, Mr Koh Lian Huat and Mr Low Chui Heng, and the Chairman of the Nominating Committee was Ms Xu Ruyu, an Independent Director. With effect from 31 May 2015, the members of the Company's Nominating Committee during the financial period under review are Ms Xu Ruyu, Dr Ong Seh Hong, Mr Koh Lian Huat and Mr Andrew Lim Kok-Kin, and the Chairman of the Nominating Committee is Ms Xu Ruyu, an Independent Director. The Nominating Committee meets at least once a year.

The Nominating Committee is responsible for the following:

- (a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour);
- (b) to determine annually whether or not a Director is independent;
- (c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

Corporate Governance Report

企业治理

- (d) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;
- (e) the review of board succession plans for Directors;
- (f) the review of training and professional development programmes for the Board; and
- (g) to assess the performance of the Board and contribution of each Director to the effectiveness of the Board.

Each member of the Nominating Committee shall abstain from voting on any resolution relating to the assessment of his performance or his re-nomination as Director.

The Nominating Committee will ensure that there is a formal and transparent process for all appointments to the Board. It has adopted a written terms of reference defining its membership, administration and duties. The Nominating Committee determines on an annual basis, and as and when circumstance require, whether or not a Director is independent, for the purposes of the Code. The Nominating Committee is of the view that the Independent Directors are independent.

In assessing the performance of each individual Director, the Nominating Committee considers whether he has multiple board representations and other principal commitments, and is able to and adequately carried out his duties as a Director notwithstanding such commitments. The Nominating Committee is satisfied that sufficient time and attention to the affairs of the Company has been given by those Directors who have multiple board representations.

To address the competing time commitments that are faced when Directors serve on multiple boards, the Nominating Committee has reviewed and the Board has determined and set that as a general rule, the maximum number of listed company board appointments be not more than five (5) companies. However, any Directors may hold more than five (5) listed company board representations should the Nominating Committee be satisfied and is of the view that such Directors are able to devote sufficient time and attention to the affairs of the Company after taking into account of their individual circumstances, contributions, responsibilities and other principal commitments. Non-Executive Directors may consult the Chairman of the Nominating Committee before accepting any appointments as Directors. Currently, none of the Directors holds more than five (5) directorships in listed companies.

Directors are encouraged to attend relevant training programmes conducted by the relevant institutions and organisations. The cost of such training will be borne by the Company.

Regulation 104 of the Constitution requires one-third of the Directors to retire from office at least once every three (3) years at an Annual General Meeting (the "AGM"). Regulation 106 of the Constitution provides that the retiring Directors are eligible to offer themselves for re-election.

Regulation 114 of the Constitution provides that the Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. However any Director so appointed shall hold office only until the next AGM of the Company, and shall be eligible for re-election.

The Nominating Committee recommended to the Board that Ms Xu Ruyu, Mr Chen Kaitong and Dr Ong Seh Hong be nominated for re-election at the forthcoming AGM. In making the recommendation, the Nominating Committee has considered the Directors' overall contributions and performance.

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Ms Xu Ruyu will, upon re-election as a Director, remain as an Independent Director of the Company. Mr Chen Kaitong will, upon re-election as a Director, remain as the Chief Executive Officer and Executive Director. Dr Ong Seh Hong will, upon re-election as a Director, remain as an Independent Director of the Company.

The date of initial appointment and last re-election of each Director, together with their directorships in other listed companies are set out below:

Name	Age	Appointment	Date of initial appointment	Date of last re-election	Directorship in other listed companies
LEE SWEE KENG	56	Executive Chairman	17 September 2004	24 April 2015	NIL
CHEN KAITONG	49	Chief Executive Officer and Executive Director	9 December 2008	25 April 2014	NIL
SU JIANLI	42	Deputy Chief Executive Officer and Executive Director	9 December 2008	24 April 2015	NIL
ANDREW LIM KOK-KIN	52	Executive Director*	1 January 2012	25 April 2014	NIL
SU CAIYE	44	Non-executive non-independent Director	9 December 2008	24 April 2015	NIL
DR ONG SEH HONG	53	Independent Director	23 December 2010	25 April 2014	Dyna-Mac Holdings Ltd Hock Lian Seng Holdings Limited MoneyMax Financial Services Ltd.
KOH LIAN HUAT	75	Independent Director	20 December 2010	24 April 2015	Hock Lian Seng Holdings Limited
XU RUYU	38	Independent Director	20 December 2010	18 April 2013	NIL

* With effect from 31 May 2015, Mr Andrew Lim Kok-Kin was re-designed from his then appointment as a Non-executive non-independent Director to an Executive Director.

Principle 5: There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution of each director to the effectiveness of the board.

The Nominating Committee had adopted processes for the evaluation of the Board's performance and effectiveness as a whole and the performance of individual Directors, based on performance criteria which were recommended by the Nominating Committee and approved by the Board. For the evaluation of the Board performance, the criteria include return on assets, return on equity and the Company's share price performance which allow the Company to make comparisons with its industry peers and are linked to long-term shareholders' value. The Nominating Committee also takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the Nominating Committee including its recommendation, if any, for improvements are presented to the Board.

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The assessment process involves and includes inputs from Board members, applying the performance criteria of the Nominating Committee and approved by the Board. These inputs are collated and reviewed by the Chairman of the Nominating Committee, who presents a summary of the overall assessment to the Nominating Committee for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussions and, where appropriate, approval for implementation.

The individual performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings and attendance record.

The annual evaluation process for each individual Director's performance comprises three (3) parts: (a) background information concerning the Directors including their attendance records at Board and Board Committee meetings; (b) questionnaires for completion by each individual Board member; and (c) Nominating Committee's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the Nominating Committee and approved by the Board. The completed questionnaires are then reviewed by the Nominating Committee before the Nominating Committee completes its evaluation of the individual Directors. When deliberating on the performance of a particular Director who is also a member of the Nominating Committee, that member abstains from the discussions in order to avoid any conflict of interests.

The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the Nominating Committee is satisfied that sufficient time and attention has been given by the Directors to the Group.

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Each member of the Board has complete access to such information regarding the Group as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors at least one (1) week in advance of Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Senior management personnel if required, will attend Board meetings to address queries from the Directors. The Directors also have unrestricted access to the Company's senior management. Requests for the Company's information by the Board are dealt with promptly.

The Directors have separate and independent access to the Company Secretary. The Company Secretary or his/her colleague attends all Board meetings and ensures that the Board procedures and the provisions of applicable laws, the Companies Act, the Constitution and the Listing Manual of the SGX-ST (the "**Listing Manual**") are observed. The Company Secretary also assists with the circulation of Board papers and updates the Directors on changes in laws and regulations relevant to the Group. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them, at the expense of the Company.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Prior to 31 May 2015, the members of the Company's Remuneration Committee were Dr Ong Seh Hong, Mr Koh Lian Huat, Ms Xu Ruyu and Mr Andrew Lim Kok-Kin, and the Chairman of the Remuneration Committee was Dr Ong Seh Hong, an Independent Director. With effect from 31 May 2015, the members of the Company's Remuneration Committee are Dr Ong Seh Hong, Mr Koh Lian Huat and Ms Xu Ruyu, and the Chairman of the Remuneration Committee is Dr Ong Seh Hong, an Independent Director.

Our Remuneration Committee will review and recommend to our Board a framework of remuneration for our Directors and key management personnel and determine specific remuneration packages for each Director as well as for the key management personnel. The recommendations of our Remuneration Committee should be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kind shall be covered by our Remuneration Committee. In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotion for these employees. Each member of the Remuneration Committee shall abstain from voting on any resolution in respect of his remuneration package. Our Remuneration Committee shall also review the Company's obligations arising in the event of termination of the employment of Directors and key management personnel.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Remuneration Committee will ensure that the Directors are adequately but not excessively remunerated as compared to the industry and comparable companies.

The remuneration packages for Executive Directors and key management personnel take into account the performance of the Group and the individual. The Director's fees for Non-executive Directors are based on the effort, time spent and responsibilities of the Non-executive Directors, and are subject to approval at AGMs. The Company has entered into service agreements with Mr Lee Swee Keng (the Executive Chairman), Mr Chen Kaitong (the Chief Executive Officer and Executive Director), Mr Su Jianli (the Deputy Chief Executive Officer and Executive Director) commencing from the date of admission of our Company to the Catalist Board, and with Mr Andrew Lim Kok-Kin (the Executive Director) commencing 31 May 2015. They are valid for an initial period of three (3) years (the "Initial Term") each and upon the expiry of the initial period of three (3) years, the employment of the respective appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. The service agreements may be terminated by either the Company or the respective Directors giving to the other party six (6) calendar months' notice in writing or payment of six (6) months' basic salary in lieu of notice. Revisions to the terms of the service agreements will be reviewed by the Remuneration Committee, which, upon taking into consideration the employment conditions within the retail industry and comparable companies, will recommend the same to the Board where such revisions are in order.

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The remuneration packages for the Executive Directors and key management personnel includes a fixed salary and a variable performance related bonus which is designed to align their interests with those of the shareholders.

The Company does not have in place any share based compensation schemes or any long-term scheme involving the offer of shares.

All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. Each member of the Remuneration Committee will abstain from deciding his or her own remuneration and the remuneration packages of persons related to him/her.

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management, and performance.

The Remuneration Committee recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate key management personnel to run the Company successfully in order to maximize shareholders' value. The recommendations of the Remuneration Committee on the remuneration of Directors and key management will be submitted for endorsement by the Board. The members of the Remuneration Committee do not participate in any decisions concerning their own remuneration.

The breakdown showing the level and mix of each individual Director's remuneration in the financial period under review by percentage (%) is as follows:

Remuneration Band and Name of Director	Base / Fixed salary	Directors fees	Variable or performance benefits related income / Bonus	Other Benefits
Above \$250,000 and Below \$500,000				
Mr Lee Swee Keng	73%	–	24%	3%
Below \$250,000				
Mr Chen Kaitong	92%	–	8%	–
Mr Su Jianli	90%	–	8%	2%
Mr Su Caiye	–	100%	–	–
Mr Low Chui Heng*	66%	–	26%	8%
Mr Andrew Lim Kok-Kin*	86%	7%	–	7%
Mr Koh Lian Huat	–	100%	–	–
Dr Ong Seh Hong	–	100%	–	–
Ms Xu Ruyu	–	100%	–	–

* With effect from 31 May 2015, Mr Low Chui Heng resigned as an Executive Director and Mr Andrew Lim Kok-Kin was re-designed from his then appointment as a Non-executive non-independent Director to an Executive Director.

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There are only four management personnel whom the Company considered to be key management personnel (who were not Directors). Accordingly, these four key management personnel of the Group during the financial year under review fell within the remuneration band of below S\$250,000:

Mr Jeffrey Kan Kai Hi	79%	–	13%	8%
Ms Wang Liyu	90%	–	8%	2%
Ms Huang Pingping	88%	–	7%	5%
Ms Jian Aihong	87%	–	7%	6%

The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.

In considering the disclosure of remuneration of these four (4) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of the key management personnel's remuneration and believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to these four key management personnel of the Company (who are not Directors or the Chief Executive Officer) for FY2015 is approximately S\$401,492.

No employee who was an immediate family member of a Director was paid more than S\$50,000 during FY2015. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

ACCOUNTABILITY AND AUDIT

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

In line with the continuing disclosure obligations of the Company under the Listing Manual, the Board's policy is that shareholders shall be informed of all major developments of the Company. Information is presented to shareholders on a timely basis through SGXNet and/or the press. In presenting the annual financial statements and quarterly and full-year result announcements to its shareholders, it is the objective of the Board to provide its shareholders with a reasonable understanding of the Group's financial position, performance and prospects.

The Management currently provides the Board with management accounts of the Group's performance, position and prospects on a monthly basis.

Principle 11: The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

The Group has established a formal Enterprise Risk Management Framework to facilitate the governance of risks and monitoring the effectiveness of internal controls.

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Accordingly, to facilitate the compliance of Rule 1207(10) of the Listing Manual, the Board has engaged an external consultant to review the adequacy and effectiveness of the Company's internal control system in FY 2015 to assist the Board and the Audit Committee in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The external consultant reported directly to the Audit Committee on its findings and recommendations.

The Chief Executive Officer and the Chief Financial Officer have provided assurance that as at the end of FY2015 (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems are effective.

With the concurrence of the Audit Committee, the Board is of the opinion that the Company has in place a robust and effective system of internal controls that adequately addresses the financial, operational, compliance and information technology risks to safeguard shareholders' interests and the Group's assets. In the absence of any evidence to the contrary, the Board is further of the view that the system of internal controls maintained by the Management provides reasonable assurances against material financial misstatements or losses, safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with legislation regulations and best practices and the identification and management of business risks. The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as such a system is designed to manage (rather than eliminate the risk of failure) and achieve its business objectives. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

Prior to 31 May 2015, the members of the Company's Audit Committee for the financial period under review were Mr Koh Lian Huat, Dr Ong Seh Hong, Ms Xu Ruyu and Mr Andrew Lim Kok-Kin, and the Chairman of the Audit Committee was Mr Koh Lian Huat, an Independent Director. With effect from 31 May 2015, the members of the Company's Audit Committee for the financial period under review are Mr Koh Lian Huat, Dr Ong Seh Hong and Ms Xu Ruyu, and the Chairman of the Audit Committee is Mr Koh Lian Huat, an Independent Director.

The principal role and functions of the Audit Committee are as follows:

- review the audit plans of the external auditors and our internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;
- review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with international financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board for approval;
- review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Listing Manual, before submission to our Board for approval;
- review and discuss with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;

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- review the co-operation given by our management to our external auditors;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financing, operational, compliance and information technology controls;
- consider the appointment and re-appointment of the external auditors and matters relating to resignation or dismissal thereof;
- review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- review the guidelines and review procedures set out in the "Interested Person Transactions and Potential Conflicts of Interests" section of the Company's Offer Document and future interested person transactions, if any;
- monitor the undertaking described in the "Interested Person Transactions and Potential Conflicts of Interests – Potential Conflicts of Interest" section of the Company's Offer Document;
- review any potential conflicts of interest;
- review the adequacy and supervision of the finance and accounting team on a regular basis;
- review the procedures by which employees of our Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- undertake such other reviews and projects as may be requested by our Board, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Audit Committee has adopted written terms of reference defining its membership, administration and duties.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings.

The members of the Audit Committee have sufficient financial and/or management expertise, as assessed by the Board in its business judgment, to discharge the Audit Committee's functions.

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The Audit Committee met four times during the year under review. Details of members' attendance at the meetings are set out on page one. The Chief Financial Officer, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of the senior management are also invited to attend as appropriate to present reports.

The Audit Committee will meet with the external auditors and internal auditors in the absence of the Management at least once in every financial year.

The Audit Committee met on a quarterly basis and reviewed the quarterly and full-year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the Audit Committee reviewed the audit plan and audit committee report presented by the external auditors. The external auditors provide regular updates and briefing to the Audit Committee on changes or amendments to accounting standards to enable the members of the Audit Committee to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The Audit Committee also reviewed the annual financial statements and discussed with the management, the Chief Financial Officer and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual financial statements. Following the review and discussions, the Audit Committee then recommended to the Board for approval of the audited annual financial statements.

The Company has put in place a whistle-blowing policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The Audit Committee exercises the overseeing function over the administration of the whistle-blowing policy. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company.

The external auditors provided regular updates and periodic briefings to the Audit Committee on changes or amendments to accounting standards to enable the members of the Audit Committee to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Principle 13: The company should establish an effective internal audit function that is independently resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets.

The objective of the internal audit function is to provide an independent review of the effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee and the management that the Group's risk management, controls and governance processes are adequate and effective.

In order to strengthen further the Group's internal audit function, the Audit Committee has recommended and the Board has approved the appointment of an external audit professional firm to undertake the internal audit function of the Group. These audit professionals report to the Audit Committee. The internal audit plan is submitted to the Audit Committee for approval prior to the commencement of the internal audit, and the Audit Committee oversees and monitors the implementation or improvements as required. The internal auditors have unrestricted direct access to all of the Company's documents, records, properties and personnel and a direct and primary reporting line to the Audit Committee.

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The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors. The Audit Committee is satisfied that the internal auditors are staffed by qualified and experienced personnel.

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. The Constitution allows all shareholders to appoint proxy/proxies to attend general meetings and vote on his/her/their behalf.

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Group and does so through:

- annual reports issued to all shareholders. Non-shareholders may access the SGX-ST website for the Company's annual reports;
- quarterly and full-year announcements of its financial statements on the SGXNet;
- other announcements on the SGXNet; and
- press releases on major developments regarding the Company.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Listing Manual. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Pertinent information is communicated to shareholders through:

- (1) quarterly and full-year results announcements which are published on the SGXNet and in news releases;
- (2) the Company's annual reports that are prepared and issued to all shareholders;
- (3) notices of and explanatory memoranda, for AGMs and extraordinary general meetings; and
- (4) press releases on major developments of the Group.

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AGMs are the main forum for communication with shareholders. Annual reports and notices of the AGMs are sent to all shareholders. The members of the Audit Committee, Nominating Committee and Remuneration Committee will be present at AGMs to answer questions relating to the work of these committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis.

Shareholders are given the opportunity to vote at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Resolutions are as far as possible, structured separately and may be voted upon independently. In line with the new Rule 730A of the Listing Manual, with effect from 1 August 2015, all resolutions at general meetings will be voted by way of poll.

The Group has specifically entrusted an investor relations team comprising the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and an external investor relation firm with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNet.

DEALINGS IN SECURITIES

The Company has adopted the best practices on dealings in securities set out in Rule 1207(19) of the Listing Manual and made known the best practices to Directors and officers. In line with the best practices, Directors and officers are not allowed to deal in the Company's shares during the two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and the one month before the announcement of the Company's full year results, or when they are in possession of unpublished price sensitive information on the Group.

The Group has reminded its Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer or its key executives to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and executives are expected and reminded to observe insider-trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

AUDITOR AND AUDIT FEES

The aggregate amount of fees paid to Ernst & Young LLP in FY2015 was S\$305,700 of which audit fees amounted to approximately S\$303,500. The Group confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms.

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NON-AUDIT FEES

Save for a fee of S\$2,200 for tax-related services, no other non-audit fees were paid to the Group's Auditor, Ernst & Young LLP for FY2015. The Audit Committee, having reviewed such non-audit services, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

MATERIAL CONTRACTS

Save for the following interested person transactions, there are no material contracts entered into by the Company and its subsidiaries during the FY2015 or still subsisting as at 31 December 2015 which involved the interests of the Chief Executive Officer, any of the Directors or controlling shareholders of the Company.

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 6,528,000	–
Commission from concessionaires sales charged to a related party: Fujian Hancal Garments Co., Ltd.	RMB 509,707	–
Advertising fee charged to a related party: Fujian Hancal Garments Co.,Ltd.	RMB 480,000	–

When a potential conflict of interest arises, the Director concerned does not participate in discussion and refrains from exercising any influence over other members of the Board.

The Company has established internal control policies to ensure that interested person transactions are properly reviewed and approved and are conducted at arm's length basis.

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

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Zhongmin Baihui Retail Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:-

Lee Swee Keng
Chen Kaitong
Su Jianli
Andrew Lim Kok-Kin
Su Caiye
Koh Lian Huat
Ong Seh Hong
Xu Ruyu

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest			Deemed interest		
	At the beginning of financial year	At the end of financial year	As at 21 January 2015	At the beginning of financial year	At the end of financial year	As at 21 January 2015
Ordinary shares of the Company						
Lee Swee Keng	44,241,000	48,241,000	48,241,000	–	–	–
Chen Kaitong	42,019,600	44,100,680	44,600,680	–	2,800,000	2,800,000
Su Caiye	26,776,800	22,540,700	22,540,700	–	1,500,000	1,500,000
Su Jianli	5,629,932	5,629,932	5,629,932	–	540,000	540,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Share options

There is presently no option scheme on unissued shares of the Company.

Directors' Statement

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:-

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year with attendance as shown in the Corporate Governance Report. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.



Directors' Statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Lee Swee Keng
Director

Chen Kaitong
Director

Singapore

24 March 2016

Independent Auditor's Report

*For the financial year ended 31 December 2015
to the Members of Zhongmin Baihui Retail Group Ltd.*

Report on the financial statements

We have audited the accompanying financial statements of Zhongmin Baihui Retail Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 42 to 86, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

24 March 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

		Group	
	Note	2015 RMB	2014 RMB
Revenue	4	829,923,660	882,349,988
Cost of sales		(516,768,727)	(570,084,265)
Gross profit		313,154,933	312,265,723
Other income		77,631,933	70,219,254
Interest income		3,064,095	1,744,384
Selling and distribution expenses		(241,757,380)	(259,641,789)
Finance costs		(383,000)	(517,000)
Administrative expenses		(73,865,198)	(73,093,513)
Profit before taxation and share of results of associates		77,845,383	50,977,059
Share of results of associate	11	(452,077)	(501,158)
Profit before taxation	5	77,393,306	50,475,901
Taxation	6	(24,749,716)	(18,492,936)
Profit for the year		52,643,590	31,982,965
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation gain/(loss)		418,670	(179,493)
Other comprehensive income for the year, net of tax		418,670	(179,493)
Total comprehensive income for the year attributable to the owners of the Company		53,062,260	31,803,472
Earnings per share			
Basic and diluted (in RMB)	7	0.27	0.16

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2015

		Group		Company	
	Note	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Non-current assets					
Property, plant and equipment	8	50,334,217	51,394,171	17,337	24,289
Intangible assets	9	6,925,553	7,795,553	–	–
Investment in subsidiaries	10	–	–	80,023,147	80,023,147
Investment in an associate	11	24,823,273	25,275,350	–	–
Long-term investment	12	950,000	–	–	–
Deferred tax assets	13	28,862,109	22,594,161	–	–
Other assets	22	6,225,045	2,999,317	–	–
		118,120,197	110,058,552	80,040,484	80,047,436
Current assets					
Inventories	14	101,172,527	116,314,095	–	–
Prepayments	15	19,739,528	22,112,157	66,650	88,505
Trade and other receivables	16	32,409,402	39,482,610	42,658	–
Amount due from a subsidiary	17	–	–	–	126,370
Amount due from an associate	18	600,000	–	–	–
Amount due from related parties	19	3,846,466	3,715,234	–	–
Cash and cash equivalents	20	268,149,435	214,161,011	23,279,382	11,804,063
		425,917,358	395,785,107	23,388,690	12,018,938
Less: Current liabilities					
Trade and other payables	21	259,213,563	273,743,351	47,568	5,832
Other liabilities	22	33,413,183	32,952,605	1,526,108	1,472,231
Amount due to related parties	19	13,178,400	8,265,324	–	–
Income tax payable		11,917,861	7,684,310	–	–
		317,723,007	322,645,590	1,573,676	1,478,063
Net current assets		108,194,351	73,139,517	21,815,014	10,540,875
Non-current liabilities					
Other liabilities	22	109,075,458	78,719,332	–	–
Deferred tax liabilities	13	2,468,318	2,463,669	507,143	956,603
Net assets		114,770,772	102,015,068	101,348,355	89,631,708
Equity attributable to the owners of the Company					
Share capital	23	67,147,926	67,147,926	67,147,926	67,147,926
Reserves	24	47,622,846	34,867,142	34,200,429	22,483,782
Total equity		114,770,772	102,015,068	101,348,355	89,631,708

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Attributable to equity holders of the Company					Currency translation reserve (Note 24a) RMB
	Equity, total RMB	Share capital (Note 23) RMB	Reserves, total RMB	Revenue reserve RMB	Statutory reserve fund (Note 24b) RMB	
2015						
Opening balance at 1 January 2015	102,015,068	67,147,926	34,867,142	16,106,764	20,515,361	(1,754,983)
Profit for the year	52,643,590	-	52,643,590	52,643,590	-	-
<u>Other comprehensive income</u>						
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	418,670	-	418,670	-	-	418,670
Transfer to statutory reserve	-	-	-	(1,986,670)	1,986,670	-
Other comprehensive income for the year	418,670	-	418,670	(1,986,670)	1,986,670	418,670
Total comprehensive income for the year	53,062,260	-	53,062,260	50,656,920	1,986,670	418,670
Dividends (Note 31)	(40,306,556)	-	(40,306,556)	(40,306,556)	-	-
Closing balance at 31 December 2015	114,770,772	67,147,926	47,622,846	26,457,128	22,502,031	(1,336,313)
2014						
Opening balance at 1 January 2014	89,459,594	67,147,926	22,311,668	10,600,831	13,286,327	(1,575,490)
Profit for the year	31,982,965	-	31,982,965	31,982,965	-	-
<u>Other comprehensive income</u>						
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	(179,493)	-	(179,493)	-	-	(179,493)
Transfer to statutory reserve	-	-	-	(7,229,034)	7,229,034	-
Other comprehensive income for the year	(179,493)	-	(179,493)	(7,229,034)	7,229,034	(179,493)
Total comprehensive income for the year	31,803,472	-	31,803,472	24,753,931	7,229,034	(179,493)
Dividends (Note 31)	(19,247,998)	-	(19,247,998)	(19,247,998)	-	-
Closing balance at 31 December 2014	102,015,068	67,147,926	34,867,142	16,106,764	20,515,361	(1,754,983)

Statements of Changes in Equity

For the financial year ended 31 December 2015

Company	Equity, Total RMB	Share capital (Note 23) RMB	Reserves, total RMB	Revenue Reserve RMB	Currency translation (Note 24a) RMB
2015					
Opening balance at 1 January 2015	89,631,708	67,147,926	22,483,782	24,246,493	(1,762,711)
Profit for the year	51,606,929	–	51,606,929	51,606,929	–
<u>Other comprehensive income</u>					
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	416,274	–	416,274	–	416,274
Other comprehensive income for the year	416,274	–	416,274	–	416,274
Total comprehensive income for the year	52,023,203	–	52,023,203	51,606,929	416,274
<u>Contributions by and distribution to owners</u>					
Dividends (Note 31)	(40,306,556)	–	(40,306,556)	(40,306,556)	–
Total contributions by and distributions to owners	(40,306,556)	–	(40,306,556)	(40,306,556)	–
Closing balance at 31 December 2015	101,348,355	67,147,926	34,200,429	35,546,866	(1,346,437)
2014					
Opening balance at 1 January 2014	86,107,843	67,147,926	18,959,917	20,539,302	(1,579,385)
Profit for the year	22,955,189	–	22,955,189	22,955,189	–
<u>Other comprehensive income</u>					
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	(183,326)	–	(183,326)	–	(183,326)
Other comprehensive income for the year	(183,326)	–	(183,326)	–	(183,326)
Total comprehensive income for the year	22,771,863	–	22,771,863	22,955,189	(183,326)
<u>Contributions by and distribution to owners</u>					
Dividends (Note 31)	(19,247,998)	–	(19,247,998)	(19,247,998)	–
Total contributions by and distributions to owners	(19,247,998)	–	(19,247,998)	(19,247,998)	–
Closing balance at 31 December 2014	89,631,708	67,147,926	22,483,782	24,246,493	(1,762,711)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Note	2015 RMB	2014 RMB
Cash flows from operating activities			
Profit before taxation		77,393,306	50,475,901
Adjustments for :			
Depreciation of property, plant and equipment	8	7,459,316	7,362,603
Amortisation of intangible assets	9	870,000	973,000
Impairment loss on property, plant and equipment		–	3,687,985
Net loss/(gain) on disposal of property, plant and equipment*		839,876	(60,835)
Rent-free incentives and step rental provision		30,356,126	23,532,493
Amortisation of step rental income		(3,225,728)	(1,245,730)
Inventories written down		394,815	1,045,279
Interest income		(3,064,095)	(1,744,384)
Finance costs		383,000	517,000
Share of results of associate		452,077	501,158
Unrealised exchange difference		362	844
Operating cash flows before changes in working capital		111,859,055	85,045,314
Decrease in inventories		14,746,753	19,330,379
Decrease/(Increase) in prepayments		2,372,629	(4,830,622)
Decrease in trade and other receivables		6,941,976	27,375,054
(Decrease)/Increase in trade and other payables		(9,596,128)	22,621,818
Cash flows generated from operation		126,324,285	149,541,943
Interest received		3,064,095	1,744,384
Tax paid		(26,779,464)	(26,618,432)
Net cash flows generated from operating activities		102,608,916	124,667,895
Cash flows from financing activities			
Dividends paid	31	(40,306,556)	(19,247,998)
Decrease in amount due to shareholders		–	(18,011,466)
Amount due from an associate		(600,000)	–
Net cash flows used in financing activities		(40,906,556)	(37,259,464)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(7,382,606)	(15,152,500)
Investment in an associate		–	(9,000,000)
Long-term investment		(950,000)	–
Proceeds from disposal of property, plant and equipment		200,000	810,000
Net cash flows used in investing activities		(8,132,606)	(23,342,500)
Net increase in cash and cash equivalents		53,569,754	64,065,931
Effect of exchange rate changes on cash and cash equivalents		418,670	(179,493)
Cash and cash equivalents at beginning of financial year		214,161,011	150,274,573
Cash and cash equivalents at end of financial year (Note 20)		268,149,435	214,161,011

* The gain on disposal of property, plant and equipment was computed net of the taxes paid to the China authorities.

Notes to the Financial Statements

For the financial year ended 31 December 2015

1. Corporate information

Zhongmin Baihui Retail Group Ltd. (the “Company”) is incorporated and domiciled in Singapore and is listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), on 20 January 2011. The listing of the Company has transferred to the Mainboard of SGX-ST on 3 September 2014. The registered office is at 143 Cecil Street, Level 10 GB Building, Singapore 069542.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Company and its Subsidiaries (“Group”) and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi (RMB).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 16 and FRS 41 <i>Agriculture - Bearer Plants</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Improvements to FRSs (November 2014)	
– Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
– Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
– Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
– Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combinations

(a) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Functional and foreign currencies

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates ie. functional currency, to be Singapore dollars (SGD). Cost of investment in subsidiary, loans and borrowings and major operating expenses are primarily influenced by fluctuation in SGD.

(b) Presentation currency

The financial statements have been presented in Renminbi (RMB) as it is the currency that the Directors of the Group use when controlling and monitoring the performance and financial position of the Group. The Group's main operational subsidiary's sales, purchases, receipts, payments are traded primarily in RMB, the Directors are of the opinion that choosing RMB as the presentation currency best reflects the primary economic environment in which the Group operates.

(c) Consolidated financial statements

For consolidation purposes, the assets and liabilities of the Company's operations are translated into RMB at the rate of exchange ruling at the end of the reporting period and its profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.5 Functional and foreign currencies (cont'd)

(d) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.16. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Electronics	–	3-5 years
Furniture and Fittings	–	3-10 years
Computer software	–	3-10 years
Motor vehicles	–	4 years
Leasehold improvements	–	8-20 years (i.e. lease period)

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset on cash-generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.9 Associates (cont'd)

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Cash carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10(a).

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.14 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) **Favourable tenancy agreement**

Following initial recognition of the favourable tenancy agreement as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when the asset is available for use. The intangible assets arising from the favourable tenancy agreement have a finite useful life and are amortised over the lease period (3-8 years) on a straight line basis.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.16 **Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 **Trade and other payables**

Liabilities for trade and other amounts payable, which are normally settled on 30-90 days' terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.18 **Employee benefits**

(a) **Defined contribution plans**

Singapore

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

China

The Group participates in the national pension schemes as defined by the laws of the PRC. The Group pays fixed contributions into the retirement insurance and medical insurance schemes organised by the social security bureau and have no further payment obligations once the contributions have been paid. The contributions are recognised as employee compensation expense when they are due.

(b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.19 Leases

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Direct sales*

Revenue from direct sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Managed rental*

Revenue from managed rental is recognised on a fixed sum on a straight-line basis over the concessionary period.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.20 Revenue (cont'd)

(c) Concessionaire sales

Revenue from concessionaire sales is recognised on a net basis based on either a fixed sum or a commission amounting to a certain agreed percentage of tenants' revenue from the sale of their products. Concessionaire sales inclusive of maintenance fees charges to tenants.

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessee) from the letting of premises is recognised on a straight-line basis over the lease terms. Rental income are also received from temporary and seasonal leases of spaces in the department store where suppliers lease them for conducting promotional activities. Rental income includes maintenance fees charges to lessees.

(e) Revenue from customer loyalty award

The Group operates a customer loyalty programme which allows customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free gifts from the Group's stores, subject to a minimum number of points being obtained.

The Group allocates consideration received from the sale of goods to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (other accrued operating expenses) on the balance sheet and recognised as revenue when the points are redeemed, have expired or no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.22 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group is substantially in one business segment, namely ownership, operation and management of a chain of department stores in China, accordingly, no segment reporting is presented.

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.24 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Impairment of intangible assets

As disclosed in Note 9 to the financial statements, the recoverable amounts of the cash generating units which goodwill and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 9 to the financial statements.

The carrying amount of the intangible asset as at 31 December 2015 is RMB 6,925,553 (2014: RMB 7,795,553).

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of leasehold improvements

The cost of leasehold improvements is depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these leasehold improvements to be over the lease terms (8-20 years). These are common life expectancies applied in the industry. The carrying amount of the Group's leasehold improvements as at 31 December 2015 was RMB 36,999,133 (2014: RMB 35,289,060). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 10 years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying value of the unrecognised tax losses at 31 December 2015 was approximately RMB 34,983,000 (2014: RMB 32,970,000) (Note 8). If the Group was able to recognise all unrecognised deferred tax assets, profit would increase approximately by RMB 8,745,750 (2014: RMB 8,978,000).

(c) Impairment of property, plant and equipment

The Group recognised impairment loss in respect of a subsidiary's property, plant and equipment. This requires an estimation of the value in use of the subsidiary's cash-generating unit to which the property, plant and equipment is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's property, plant and equipment and impairment loss recognised at the end of the reporting period are disclosed in Note 8.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amounts of the investments. The recoverable amounts are determined based on the value in use of the cash-generating unit. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amounts of investments in subsidiaries in the Company's financial statements at the end of the reporting period are disclosed in Note 10.

4. Revenue

	Group	
	2015 RMB	2014 RMB
Direct sales	596,022,550	645,466,942
Commission from concessionaire sales	130,371,474	133,937,409
Rental income	68,338,696	60,495,324
Managed rental	35,190,940	42,450,313
	<u>829,923,660</u>	<u>882,349,988</u>

For illustration purpose, gross sales proceeds are arrived as follows:

	Group	
	2015 RMB	2014 RMB
Direct sales	596,022,550	645,466,942
Gross proceeds from concessionaire sales	608,981,929	618,502,923
Rental income	68,338,696	60,495,324
Managed rental	35,190,940	42,450,313
Gross sales proceeds*	<u>1,308,534,115</u>	<u>1,366,915,502</u>

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



Notes to the Financial Statements

For the financial year ended 31 December 2015

5. Profit before taxation

Profit before taxation is stated after (charging)/crediting:

	Group	
	2015 RMB	2014 RMB
Inventories written down	(394,815)	(1,045,279)
Other income:		
Advertisement and promotional income	62,080,679	56,440,236
Leisure facilities fees	912,749	1,019,204
Management fees (Note 27(a))	6,508,000	6,528,000
Selling and distribution expenses:		
Employee benefit expense		
- Defined contribution plans	(9,111,607)	(14,436,953)
- Salaries, wages, bonuses and other costs	(57,934,775)	(64,769,776)
Rental expenses*	(116,312,214)	(117,464,877)
Utilities	(30,801,016)	(29,050,726)
Amortisation of intangible assets	(870,000)	(973,000)
Advertisement and promotion fees	(3,379,175)	(4,921,018)
Administrative expenses:		
Employee benefit expenses		
- Defined contribution plans	(5,489,565)	(4,942,247)
- Salaries, wages, bonuses and other costs	(47,422,279)	(42,929,339)
Bank charges	(3,124,484)	(3,365,303)
Director fees	(633,108)	(872,694)
Depreciation of property, plant and equipment	(7,459,316)	(7,362,603)
Exchange loss	(373,167)	(1,057,903)
Impairment loss on property, plant and equipment	-	(3,687,985)
Office supplies	(1,121,391)	(1,007,782)
Net (loss)/gain on disposal of property, plant and equipment	(839,876)	60,835
Audit fees:		
- Auditors of the Company	(1,569,208)	(1,636,921)
Non-audit fees:		
- Auditors of the Company	(11,158)	(10,889)

* Inclusive of rental payments of RMB 85,956,088 (2014: RMB 93,932,384) and a straight-line recognition of the lease expenses over the lease term, aggregate of rent-free incentives and step rental provision of RMB 30,356,126 (2014: RMB 23,532,493) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2015

6. Taxation

(a) Major components of taxation

The major components of taxation for the years ended 31 December 2015 and 31 December 2014 are:

	Group	
	2015 RMB	2014 RMB
Consolidated income statement:		
Current income tax		
- Current income taxation	30,063,555	25,557,812
Deferred tax credit (Note 13)		
- Origination and reversal of temporary differences	(5,313,839)	(7,064,876)
Tax expenses recognised in profit or loss	<u>24,749,716</u>	<u>18,492,936</u>

(b) Relationship between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

Profit before taxation	<u>77,393,306</u>	<u>50,475,901</u>
Tax at the domestic rates applicable to profits in the countries where the Group operates	19,956,294	13,322,778
Adjustments:		
Non-deductible expenses	4,087,158	3,776,103
Deferred tax assets not recognised	503,296	2,155,244
Benefits from previously unrecognised tax losses	—	(926,472)
Share of associate loss	113,019	125,290
Others	89,949	39,993
Tax expenses recognised in profit or loss	<u>24,749,716</u>	<u>18,492,936</u>

The corporate income tax rate applicable to Singapore companies of the Group is 17%. The corporate income tax rate applicable to China companies of the Group is 25%.

7. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net earnings attributable to shareholders for the year by the weighted average number of shares outstanding of 196,320,000 (2014: 196,320,000) which has been adjusted for the effects of the sub-division of shares in December 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2015

8. Property, plant and equipment

Group	Electronics RMB	Furniture and fittings RMB	Computer software RMB	Motor vehicles RMB	Leasehold improvements RMB	Total RMB
Cost :						
At 1 January 2014	3,252,674	11,083,628	578,239	3,691,243	39,215,666	57,821,450
Additions	1,178,093	6,838,599	178,940	–	8,676,385	16,872,017
Disposals	–	–	–	(1,356,841)	–	(1,356,841)
Currency translation	(1,038)	(1,367)	–	–	–	(2,405)
At 31 December 2014 and 1 January 2015	4,429,729	17,920,860	757,179	2,334,402	47,892,051	73,334,221
Additions*	279,852	753,111	–	1,028,519	5,321,124	7,382,606
Disposals	(515,830)	(684,474)	(54,735)	(452,280)	(4,055,490)	(5,762,809)
Currency translation	(240)	(718)	–	–	–	(958)
At 31 December 2015	4,193,511	17,988,779	702,444	2,910,641	49,157,685	74,953,060
Accumulated depreciation and impairment loss:						
At 1 January 2014	1,452,607	3,144,811	196,827	1,084,737	5,737,409	11,616,391
Depreciation charge for the year	938,847	2,220,273	122,670	875,591	3,205,222	7,362,603
Impairment loss	–	27,625	–	–	3,660,360	3,687,985
Disposals	–	–	–	(725,368)	–	(725,368)
Currency translation	(829)	(732)	–	–	–	(1,561)
At December 2014 and 1 January 2015	2,390,625	5,391,977	319,497	1,234,960	12,602,991	21,940,050
Depreciation charge for the year	846,984	2,391,186	126,169	587,271	3,507,706	7,459,316
Disposals	(241,238)	(257,272)	(6,886)	(322,386)	(3,952,145)	(4,779,927)
Currency translation	(272)	(324)	–	–	–	(596)
At 31 December 2015	2,996,099	7,525,567	438,780	1,499,845	12,158,552	24,618,843
Net carrying amount :						
At 31 December 2014	2,039,104	12,528,883	437,682	1,099,442	35,289,060	51,394,171
At 31 December 2015	1,197,412	10,463,212	263,664	1,410,796	36,999,133	50,334,217

* During the financial year, the Group acquired plant and equipment with an aggregate cost of RMB 7,382,606 (2014: RMB 16,872,017). The cash outflow on acquisition of property, plant and equipment amounted to RMB 7,382,606 (2014: RMB 15,152,500).

Notes to the Financial Statements

For the financial year ended 31 December 2015

8. Property, plant and equipment (cont'd)

Impairment of assets

The lease termination of a store resulted in an impairment loss of RMB 3,687,985. The amount was recognised in "Administrative expenses" (Note 5) line item of profit or loss for the the financial year ended 31 December 2014. There was no impairment of assets recognized in "Administrative expenses" (Note 5) line item of profit or loss for the financial year ended 31 December 2015.

Company	Electronics RMB	Furniture and fittings RMB	Total RMB
Cost :			
At 1 January 2014	28,072	36,986	65,058
Additions	—	—	—
Currency translation	(1,038)	(1,367)	(2,405)
At 31 December 2014 and 1 January 2015	27,034	35,619	62,653
Additions	12,865	—	12,865
Disposals	(8,818)	(22,792)	(31,610)
Currency translation	(240)	(718)	(958)
At 31 December 2015	30,841	12,109	42,950
Accumulated depreciation :			
At 1 January 2014	15,777	11,048	26,825
Depreciation charge for the year	5,653	7,447	13,100
Currency translation	(829)	(732)	(1,561)
At 31 December 2014 and 1 January 2015	20,601	17,763	38,364
Depreciation charge for the year	4,496	3,907	8,403
Disposals	(7,643)	(12,915)	(20,558)
Currency translation	(272)	(324)	(596)
At 31 December 2015	17,182	8,431	25,613
Net carrying amount :			
At 31 December 2014	6,433	17,856	24,289
At 31 December 2015	13,659	3,678	17,337

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. Intangible assets

Group	Favourable lease agreements RMB	Goodwill RMB	Total RMB
Cost :			
At 1 January 2014	5,436,000	3,809,553	9,245,553
Additions	—	—	—
At 31 December 2014 and 1 January 2015	5,436,000	3,809,553	9,245,553
Additions	—	—	—
At 31 December 2015	5,436,000	3,809,553	9,245,553
Accumulated amortisation :			
At 1 January 2014	477,000	—	477,000
Amortisation during the year	973,000	—	973,000
At 31 December 2014 and 1 January 2015	1,450,000	—	1,450,000
Amortisation during the year	870,000	—	870,000
At 31 December 2015	2,320,000	—	2,320,000
Net carrying amount :			
At 31 December 2014	3,986,000	3,809,553	7,795,553
At 31 December 2015	3,116,000	3,809,553	6,925,553

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. Intangible assets (cont'd)

On 1 May 2013 (the “acquisition date”), the Group acquired two stores from a related party.

Goodwill arising from the acquisition

The goodwill of RMB 3,809,553 relates to the acquisition of the two stores located within the long established vicinity of Tumen and Quanxiu. None of the goodwill recognised is expected to be deductible for income tax purposes.

Amortisation expense

The amortisation of favourable lease agreements is included in selling and distribution expenses line item in the consolidated income statement.

Impairment testing of goodwill

The recoverable amounts of the two stores have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering their lease period or a three-year period whichever is shorter. The pre-tax discount rate applied to the cash flow projections is 13% and the forecasted growth rates used to extrapolate the cash flows projections beyond the three-year period is 5% till the end of their lease periods.

Management determined budgeted gross margin based on past performance and its expectations of the market development. The discount rate reflects specific risks relating to the relevant retail industry and derived from its weighted average cost of capital (WACC). The forecasted growth rates are based on published industry research and do not exceed the long term average growth rates for the relevant retail industry.

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. Investment in subsidiaries

	Company	
	2015 RMB	2014 RMB
Shares, at cost	80,023,147	80,023,147

Name (Country of incorporation and place of business)	Principal activities	Proportion (%) of ownership interest	
		2015	2014
Xiamen Shi Zhongmin Baihui Commercial Co., Ltd. ⁽¹⁾ (People's Republic of China (PRC))	Ownership, operation and management of a chain of department stores	100	100
Zhongmin Baihui Development Pte. Ltd. (Singapore)	Dormant	100	100
Zhongmin Baihui (Nanjing) Commercial Co., Ltd. ⁽¹⁾ (People's Republic of China (PRC))	Ownership and operation of department stores	100	100
Zhongmin Baihui (Quanzhou) Commercial Management Co., Ltd. ⁽¹⁾ (People's Republic of China (PRC))	Ownership, operation and management of a chain of department stores	100	100
Zhongmin Baihui (Fujian) Logistics Co., Ltd. ⁽¹⁾ (People's Republic of China (PRC))	Logistics and procurement service provider	100	100

- (1) A member firm of EY Global had performed the audit for the subsidiary's financial statement for the financial years ended 31 December 2015 and 2014 for Group reporting purposes.

Notes to the Financial Statements

For the financial year ended 31 December 2015

11. Investment in an associate

	Group	
	2015 RMB	2014 RMB
Shares, at cost	27,000,000	27,000,000
Share of results of associate	(2,176,727)	(1,724,650)
At end of year	24,823,273	25,275,350

Name (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2015	2014
Citi-Base Commerce Logistics (Xiamen) Co., Ltd. ⁽¹⁾ (People's Republic of China (PRC))	Operation of logistics centre	30	30

(1) Unaudited financial statements have been used for the preparation of the consolidated financial statements of the Group.

Citi-Base Commerce Logistics (Xiamen) Co., Ltd., 30% owned by a Group's wholly-owned subsidiary, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd, was incorporated in January 2011. As at date of the report, it has not commenced operation. The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2015 RMB	2014 RMB
Non-current assets	101,907,194	70,769,591
Current assets	47,542,490	11,770,388
Total assets	149,449,684	82,539,978
Current liabilities	(6,705,441)	(6,845)
Non-current liabilities	(60,000,000)	—
Total liabilities	(66,705,441)	(6,845)
Net assets	82,744,243	82,533,133
Proportion of the Group's ownership	30%	30%
Group's share of net assets	24,823,273	24,759,939
Other adjustments	—	515,411*
Carrying amount of the investment	24,823,273	25,275,350
Total comprehensive income for the year	(1,506,923)	(1,670,528)

* Relates to capital injection on the remaining paid-up capital from the major shareholder. The cash was received in January 2015.

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Long-term investment

A Group's wholly-owned subsidiary, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd entered into a joint venture agreement for an investment of 19% interest in Xiamen Citi-Base Commerce Co., Ltd. in June 2015. The Group does not possess the ability (directly or indirectly) to control or exercise significant influence over its operating and financial decisions. The investment had been stated at cost which approximates the fair value as at the date of the report as it has not commenced operation.

13. Deferred tax assets/(liabilities)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		2015	2014
	2015	2014	2015	2014	2015	2014
	RMB	RMB	RMB	RMB	RMB	RMB
Deferred tax assets:						
Differences in rent-free incentives and step rental provision	27,268,865	19,679,833	7,589,032	6,399,115	—	—
Differences due to pre-opening expenses	690,779	824,068	(133,289)	(133,289)	—	—
Impairment loss	—	921,996	(921,996)	921,996	—	—
Others	902,465	1,168,264	(265,799)	807,232	—	—
	<u>28,862,109</u>	<u>22,594,161</u>	<u>6,267,948</u>	<u>7,995,054</u>	<u>—</u>	<u>—</u>
Deferred tax liabilities:						
Difference arising from the expected remittance of dividend from subsidiary	500,000	1,000,000	(500,000)	(1,000,000)	500,000	1,000,000
Differences in step rental income	1,182,175	510,566	(671,609)	(173,428)	—	—
Differences arising from the recognition favourable lease agreements	779,000	996,500	217,500	243,250	—	—
Currency translation	7,143	(43,397)	—	—	7,143	(43,397)
	<u>2,468,318</u>	<u>2,463,669</u>	<u>(954,109)</u>	<u>(930,178)</u>	<u>(507,143)</u>	<u>956,603</u>
Deferred income tax credit			<u>5,313,839</u>	<u>7,064,876</u>		

Deferred taxation

According to the Applicable Enterprise Income Tax ("EIT") laws and regulations, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable EIT Laws and regulations.

Pursuant to a tax treaty between the PRC and the Republic of Singapore, which became effective on 1 January 2008, a company incorporated in Singapore will be subject to a withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds 25% or more interests in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

Notes to the Financial Statements

For the financial year ended 31 December 2015

13. Deferred tax assets/(liabilities) (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2014: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to RMB 72,748,000 (2014: RMB 46,379,000). The deferred tax liability is estimated to be RMB 3,637,000 (2014: RMB 2,318,000).

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately RMB 34,983,000 (2014: RMB 32,970,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

14. Inventories

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Balance sheet:				
Finished goods	101,172,527	116,314,095	—	—
Total inventories at lower of cost and net realisable value	101,172,527	116,314,095	—	—
Income statement:				
Inventories recognised as an expense in cost of sales	516,768,727	570,084,265	—	—
Inclusive of the following charge:				
Inventories written down	394,815	1,045,279	—	—

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Prepayments

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Prepaid rent	10,932,459	14,357,168	–	–
Advance payments for property, plant and equipment	1,098,941	81,180	–	–
Advance payments to suppliers	4,016,585	6,041,862	–	–
Other prepayments	3,691,543	1,631,947	66,650	88,505
	<u>19,739,528</u>	<u>22,112,157</u>	<u>66,650</u>	<u>88,505</u>

16. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Trade receivables	4,780,077	12,443,134	–	–
Rental deposits *	23,468,411	23,765,754	42,658	–
Other deposits	96,000	95,000	–	–
Other receivables	2,780,616	1,035,789	–	–
Input VAT	1,284,298	2,142,933	–	–
	<u>32,409,402</u>	<u>39,482,610</u>	<u>42,658</u>	<u>–</u>
Add:				
Amount due from a subsidiary (Note 17)	–	–	–	126,370
Amount due from a associate (Note 18)	600,000	–	–	–
Amount due from related parties (Note 19)	3,846,466	3,715,234	–	–
Cash and cash equivalents (Note 20)	268,149,435	214,161,011	23,279,382	11,804,063
Less:				
Input VAT	(1,284,298)	(2,142,933)	–	–
Total loans and receivables	<u>303,721,005</u>	<u>255,215,922</u>	<u>23,322,040</u>	<u>11,930,433</u>

* The operating lease agreements for the department stores contain options for early termination by either party.

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements

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17. Amount due from a subsidiary

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Amount due from a subsidiary (non-trade)	–	–	–	126,370

Amount due from a subsidiary are unsecured, non-interest bearing and are repayable on demand.

18. Amount due from an associate

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Amount due from an associate (non-trade)	600,000	–	–	–

Amount due from an associate are unsecured, non-interest bearing and are repayable on demand.

19. Amount due from/due to related parties

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Amount due from a related party (trade) *	–	662,532	–	–
Amount due from a related party (non-trade) *	3,846,466	3,052,702	–	–
	3,846,466	3,715,234	–	–
Amount due to related parties (trade) *	7,813,027	853,885	–	–
Amount due to related parties (non-trade) *	5,365,373	6,474,886	–	–
Amount due to related party for the acquisition of business	–	936,553	–	–
	13,178,400	8,265,324	–	–

* Amount due from/to related parties are unsecured, non-interest bearing and are repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2015

20. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Cash and bank balances	268,149,435	214,161,011	23,279,382	11,804,063

Bank balances earn interests at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods from one to six months, depending on the immediate cash requirements, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 0.34% (2014: 0.35%) and 1.30% (2014: nil) respectively.

Cash and cash equivalents are denominated in the following foreign currency:

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
United States Dollars	7,750	7,302	–	–

21. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Trade:				
External parties	161,564,336	190,351,176	–	–
Add: Other payables	97,649,227	83,392,175	47,568	5,832
	259,213,563	273,743,351	47,568	5,832
Add:				
Other accrued operating expenses (Note 22)	33,413,183	32,952,605	1,526,108	1,472,231
Amount due to related parties (Note 19)	13,178,400	8,265,324	–	–
Less:				
Advances from customers	(81,976,104)	(64,898,069)	–	–
Total financial liabilities carried at amortised cost	223,829,042	250,063,211	1,573,676	1,478,063

Trade and other payables are non-interest bearing and are generally on 30 to 60 days' terms.

Notes to the Financial Statements

For the financial year ended 31 December 2015

22. Other assets/(liabilities)

	Group		Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Non-current:				
Rent-free incentives and step rental provision	6,225,045	2,999,317	—	—
Current:				
Other accrued operating expenses	(33,413,183)	(32,952,605)	(1,526,108)	(1,472,231)
Non-current:				
Rent-free incentives and step rental provision	(109,075,458)	(78,719,332)	—	—
	<u>(142,488,641)</u>	<u>(111,671,937)</u>	<u>(1,526,108)</u>	<u>(1,472,231)</u>

23. Share capital

	Group and Company			
	2015		2014	
	No. of shares	RMB	No. of Shares	RMB
Issued and fully paid:				
Balance at 1 January/31 December	<u>196,320,000</u>	<u>67,147,926</u>	<u>196,320,000</u>	<u>67,147,926</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

24. Other reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currencies.

(b) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to the approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25. Employee benefits

	Group	
	2015 RMB	2014 RMB
Employee benefits expense:		
Salaries and bonus	105,357,054	107,699,115
Defined contribution plans	14,601,172	19,379,200
	<u>119,958,226</u>	<u>127,078,315</u>

26. Operating lease commitments

As lessee

The Group leases certain properties from non-related parties under non-cancellable operating lease agreements which do not have any purchase options and expire at various dates till 20 August 2034 and contain provision for rental adjustments. There are no restrictions placed upon the lessee by entering into these leases. Operating lease expenses recognised in the Group's profit or loss during the year amount to RMB 116,312,214 (2014: RMB 117,464,877). The leases have varying terms, escalation clauses and renewal rights. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

	Group		Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
No later than one year	115,752,519	111,066,024	176,684	–
Later than one year but no later than five years	421,880,336	422,431,719	242,939	–
Later than five years	574,442,278	607,373,455	–	–
	<u>1,112,075,133</u>	<u>1,140,871,198</u>	<u>419,623</u>	<u>–</u>

27. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

- (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or
- (ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

Notes to the Financial Statements

For the financial year ended 31 December 2015

27. Related party transactions (cont'd)

(a) *Sale and purchase of goods and services and other fees'*

	Group	
	2015	2014
	RMB	RMB
Rental income from a company in which Directors have an interest	1,172,097	1,426,110
Concessionaire income from a company in which Directors have an interest	1,398,254	2,124,154
Sale of goods to a company in which Directors have an interest	–	554,690
Advertisement fees received from companies in which Directors have an interest	4,230,000	480,000
Management fees received from a company in which Directors have an interest	6,508,000	6,528,000
Rental expense to companies in which Directors have an interest	17,999,236	6,117,094
	<u>31,307,587</u>	<u>17,230,048</u>

(b) *Compensation of key management personnel*

	Group		Company	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Short-term employee benefits	5,285,452	5,550,744	2,742,262	3,354,054
Contributions to CPF	<u>211,263</u>	<u>220,622</u>	<u>163,731</u>	<u>174,791</u>
Total compensation paid to key management personnel	<u>5,496,715</u>	<u>5,771,366</u>	<u>2,905,993</u>	<u>3,528,845</u>
Comprise amounts paid to:				
Directors of the Company	3,681,089	3,941,527	2,042,334	2,513,281
Other key management personnel	<u>1,815,626</u>	<u>1,829,839</u>	<u>863,659</u>	<u>1,015,564</u>

28. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Group does not speculate in the currency markets or hold or issue derivatives financial instruments. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Notes to the Financial Statements

For the financial year ended 31 December 2015

28. Financial risk management objectives and policies (cont'd)

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in the PRC.

At the end of the reporting period, approximately 28% (2014: 78%) of the Group's trade receivables was due from a major customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and deposits are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's cash and operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The Group is currently dependent on its cash flow generated from operations and advances from its shareholder to support its working capital.

Notes to the Financial Statements

For the financial year ended 31 December 2015

28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the date of statement of financial position based on contractual undiscounted repayment obligations.

Group	1 year or less RMB	1 to 5 years RMB	Total RMB
31 December 2015			
Financial assets:			
Trade and other receivables	7,560,693	–	7,560,693
Deposits	23,564,411	–	23,564,411
Amount due from an associate	600,000	–	600,000
Amount due from related parties	3,846,466	–	3,846,466
Cash and cash equivalents	268,149,435	–	268,149,435
Total undiscounted financial assets	303,721,005	–	303,721,005
Financial liabilities:			
Trade and other payables	177,237,459	–	177,237,459
Other accrued operating expenses	33,413,183	–	33,413,183
Amount due to related parties	13,178,400	–	13,178,400
Total undiscounted financial liabilities	223,829,042	–	223,829,042
Total net undiscounted financial assets	79,891,963	–	79,891,963
31 December 2014			
Financial assets:			
Trade and other receivables	13,478,923	–	13,478,923
Deposits	23,860,754	–	23,860,754
Amount due from related parties	3,715,234	–	3,715,234
Cash and cash equivalents	214,161,011	–	214,161,011
Total undiscounted financial assets	255,215,922	–	255,215,922
Financial liabilities:			
Trade and other payables	208,845,282	–	208,845,282
Other accrued operating expenses	32,952,605	–	32,952,605
Amount due to related parties	8,265,324	–	8,265,324
Total undiscounted financial liabilities	250,063,211	–	250,063,211
Total net undiscounted financial assets	5,152,711	–	5,152,711

Notes to the Financial Statements

For the financial year ended 31 December 2015

28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	1 year or less RMB	1 to 5 years RMB	Total RMB
31 December 2015			
Financial assets:			
Deposits	42,658	–	42,658
Cash and cash equivalents	23,279,382	–	23,279,382
Total undiscounted financial assets	23,322,040	–	23,322,040
Financial liabilities:			
Trade and other payables	47,568	–	47,568
Other accrued operating expenses	1,526,108	–	1,526,108
Total undiscounted financial liabilities	1,573,676	–	1,573,676
Total net undiscounted financial assets	21,748,364	–	21,748,364
31 December 2014			
Financial assets:			
Amount due from subsidiary	126,370	–	126,370
Cash and cash equivalents	11,804,063	–	11,804,063
Total undiscounted financial assets	11,930,433	–	11,930,433
Financial liabilities:			
Trade and other payables	5,832	–	5,832
Other accrued operating expenses	1,472,231	–	1,472,231
Total undiscounted financial liabilities	1,478,063	–	1,478,063
Total net undiscounted financial assets	10,452,370	–	10,452,370

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amounts approximate fair values

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amount due from related party (trade), trade and other payables, other accrued operating expenses, amount due to related parties (trade and non-trade), amount due from a subsidiary, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Amount due to related parties

The carrying amount of this financial liability is reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate at the statement of financial position date.

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

As disclosed in Note 24, subsidiaries in PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2015 and 31 December 2014.

The Group is not subjected to any external imposed capital requirements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Dividends

	Group and Company	
	2015	2014
	RMB	RMB
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2014: SGD 1.5 cents (2013: 1.0 cent) per share*	13,535,772	9,679,950
- Interim exempt (one-tier) dividend for 2015: SGD 3.0 cents (2014: 1.0 cent) per share	26,770,784	9,568,048
Total	<u>40,306,556</u>	<u>19,247,998</u>
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividend for 2015: SGD 1.5 cents (2014: SGD 1.5 cents) per share	<u>13,507,000</u>	<u>13,658,000</u>

* The difference between the dividend declared at the end of the financial year 2014 and the actual dividend paid in the financial year 2015 was due to translation differences.

32. Authorisation of financial statements

The audited financial statements for financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 24 March 2016.

Statistics of Shareholdings

As at 9 March 2016

Issued and fully paid-up capital	:	SGD 13,620,000
Number of shares	:	196,320,000
Class of shares	:	Ordinary shares of
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
100 - 1,000	32	11.31	27,100	0.01
1,001 - 10,000	94	33.22	562,100	0.29
10,001 - 100,000	89	31.45	3,830,800	1.95
100,001 - 1,000,000	52	18.37	17,570,788	8.95
1,000,001 and above	16	5.65	174,329,212	88.80
Total	283	100.00	196,320,000	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CHEN KAITONG	44,600,680	22.72
2	LEE SWEE KENG	41,741,000	21.26
3	SU CAIYE	22,540,700	11.48
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	16,395,300	8.35
5	BANK OF SINGAPORE NOMINEES PTE. LTD.	7,328,000	3.73
6	HONG LEONG FINANCE NOMINEES PTE LTD	7,138,000	3.64
7	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	6,500,000	3.31
8	SU JIANLI	5,629,932	2.87
9	DBS NOMINEES (PRIVATE) LIMITED	5,278,700	2.69
10	RAFFLES NOMINEES (PTE) LIMITED	4,646,900	2.37
11	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	4,000,000	2.04
12	LINGCO HOLDINGS PTE LTD	2,500,000	1.27
13	WEE CHOO CHUAN	2,000,000	1.02
14	LINGCO MARINE PTE LTD	1,500,000	0.76
15	SIA LING SING	1,490,000	0.76
16	LOW CHUI HENG	1,040,000	0.53
17	LIM SOO SENG & SONS (PTE) LTD	1,000,000	0.51
18	TAN KHENG SOON	1,000,000	0.51
19	PEGGY FOO	827,000	0.42
20	WONG KAO LEK	789,200	0.40
21	LIM KOK TONG	777,588	0.40
22	POH HENG	716,200	0.36
23	SEAH CHONG POK	700,000	0.36
24	SHI JIANGHE	683,500	0.35
25	KGI FRASER SECURITIES PTE LTD	658,600	0.34
26	NEO AIK CHENG	599,000	0.31
27	OCBC SECURITIES PRIVATE LIMITED	530,000	0.27
28	CHOW SHOOK LIN	500,000	0.25
29	TAN MAH CHEOW	465,300	0.24
30	SO PO KI	395,400	0.20
	TOTAL	183,971,000	93.71



Statistics of Shareholdings

As at 9 March 2016

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 9 March 2016)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lee Swee Keng	48,241,000	24.57	–	–
Chen Kaitong	44,600,680	22.71	2,800,000	1.43
Su Caiye	22,540,700	11.48	1,500,000	0.76
Lim Kok Tong	21,624,088	11.01	2,200,000	1.13

FREE FLOAT

Based on the information provided to the Company as at 9 March 2016, approximately 23.69% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Rules of Mainboard has been complied with.

Notice of Annual General Meeting

年度股东大会通告

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Zhongmin Baihui Retail Group Ltd. (the “Company”) will be held at Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513 on Monday 25 April 2016 at 10:00 a.m., for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2015 together with the Directors’ Statement and Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of S\$0.015 per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**
3. To approve the payment of S\$155,000 as Directors’ fees for the financial year ended 31 December 2015. **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Regulation 104 of the Company’s Constitution¹:

(a)	Ms Xu Ruyu	(Regulation 104)	(Resolution 4)
(b)	Mr Chen Kaitong	(Regulation 104)	(Resolution 5)
(c)	Dr Ong Seh Hong	(Regulation 104)	(Resolution 6)

[See Explanatory Note 1]
5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. General authority to issue and allot shares

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:-

- (A) (i) issue and allot shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

¹ Pursuant to the recent amendments of the Companies Act (Cap. 50 of Singapore), the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

Notice of Annual General Meeting

年度股东大会通告

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-
 - (i) new Shares arising from the conversion or exercise of convertible securities;
 - (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of the Resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note 2]

(Resolution 8)

By Order of the Board

Chia Foon Yeow
Company Secretary

8 April 2016

Notice of Annual General Meeting

年度股东大会通告

Explanatory Notes :

1. Ms Xu Ruyu will, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Ms Xu Ruyu to be independent for the purpose of Rule 704(8) of the Listing Manual.

Mr Chen Kaitong will, upon re-election, remain as Director of the Company.

Dr Ong Seh Hong will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. The Board considers Dr Ong Seh Hong to be independent for the purpose of Rule 704(8) of the Listing Manual.

2. Under the Listing Manual of the SGX-ST, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to fifty per cent (50%) of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than twenty per cent (20%) of the issued share capital of the issuer (excluding treasury shares).

The Directors are of the opinion that the proposed share issue mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

Ordinary Resolution 8, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of the next annual general meeting, to issue and allot Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may issue and allot under this Resolution, shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

Notes :

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the "Act"), a member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him/her.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
4. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
5. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ZHONGMIN BAIHUI RETAIL GROUP LTD.

(Incorporated in the Republic of Singapore)
(Registration No: 200411929C)

IMPORTANT:

- 1 For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

ANNUAL GENERAL MEETING

I/We, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members of ZHONGMIN BAIHUI RETAIL GROUP LTD. (the "Company") hereby appoint the Chairman of the Meeting or:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held at Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513, on Monday, 25 April 2016 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1.	Adoption of Audited Financial Statements, Directors' Statement and Auditor's Report		
2.	To declare a final one-tier tax exempt dividend of S\$0.015 per ordinary share for the financial year ended 31 December 2015		
3.	Approval of proposed Directors' Fees of S\$155,000 for the financial year ended 31 December 2015		
4.	Re-election of Ms Xu Ruyu as a Director		
5.	Re-election of Mr Chen Kaitong as a Director		
6.	Re-election of Dr Ong Seh Hong as a Director		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
8.	Authority to issue and allot shares pursuant to Section 161 of the Companies Act, Cap. 50		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this _____ day of _____, 2016.

TOTAL NUMBER OF SHARES IN :

(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

(Please see notes overleaf before completing this form)



Notes

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the “**Act**”), a member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company’s option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for the Meeting.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.



Corporate Information

企业资讯

Board of Directors

Lee Swee Keng
Executive Chairman

Chen Kaitong
Chief Executive Officer

Su Jianli
Deputy CEO

Andrew Lim Kok-Kin
Executive Director

Su Caiye
Non-Executive Director

Koh Lian Huat
Independent Director

Dr Ong Seh Hong
Independent Director

Xu Ruyu
Independent Director

Company Secretary

Chia Foon Yeow

Registered Office

143 Cecil Street
Level 10 GB Building
Singapore 069542
Tel: (65) 6862 0187
Fax: (65) 6862 4859

Share Registrar

Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner In-charge:
Low Yen Mei
(Appointed since financial year ended 31
December 2015)

Bankers

DBS Bank Ltd.
Overseas-Chinese Banking Corporation
Limited
Bank of China
China Construction Bank Corporation
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China
Agricultural Bank of China
China Citic bank
Ping An Bank
Xiamen Bank
China Minsheng Bank





中國百匯

ZHONGMIN BAIHUI RETAIL GROUP LTD.

(Co.Registration No.:200411929C)

80 Marine Parade Road #13-08 Parkway Parade Singapore 449269