



# SUSTAINABILITY REPORT

# 2017

中闽百汇零售集团有限公司  
ZHONGMIN BAIHUI RETAIL GROUP LTD.

## Contents

	Page
Statement from the Chair of Sustainability Committee	3
Board of Directors and Key Management	4
Corporate Profile	8
Location of Stores and Timeline	11
Up and Coming Store	16
Governance of Sustainability	17
Specific Standard Disclosure	19
<i>Food Safety</i>	
<i>Customers' Satisfaction</i>	
<i>Energy Consumption</i>	
<i>Staffs Training and Development</i>	
<i>E-commerce</i>	
Achievement and Recognition	25
GRI Index	26

## ***Statement from the Chair of Sustainability Committee***

Welcome to our inaugural Sustainability Report 2017.

Our Sustainability Report 2017 is published in accordance with the Global Reporting Initiative's (GRI) G4 "Core" framework. It is for the period 1st January to 31st December 2017, in tandem with the Group financial year and our reporting cycle will be annually.

Reporting our sustainability practices is a new milestone but we are not new to sustainability. An earlier milestone is our propriety quality management that we have been practising since September 2002. .

Material Environmental, Social and Governance (ESG) factors are highlighted through our proactive engagement with various stakeholders. We take a holistic approach in managing such non-financial risks and opportunities, monitoring and evaluating its impacts and exploring means of harnessing its potential.

The policies and practice reported are implemented across the entire Group, however for this year, actual performance will mainly be from our flagship Wucun Store. We will expand this coverage to other stores in the coming years.

Not the least, my deep appreciation for the dedicated effort of my team members, our employees and board adviser throughout our implementation process. Sustainability is a continuous journey and we will meet our aspirations through collective effort and a sense of shared responsibility.

CHEN Kaitong  
CEO and Chair of  
Sustainability Committee

***Board of Directors***

## 董事会

Lee Swee Keng  
Executive Chairman

Mr Lee was appointed to the Board in September 2004. He is responsible for charting and steering the Group's business direction, as well as the overall management, strategic planning and business development for the Group. He possesses over 30 years of experience as an entrepreneur, establishing and managing businesses in industries ranging from food and beverage to construction machinery and equipment. As a key founder of the Group, Mr Lee partnered Mr Chen Kaitong in setting up and operating small-scale department stores in Anxi, Fujian, before they collaborated to establish Zhongmin Baihui and its group of stores. Mr Lee was conferred PBM in 2014.

Chen Kaitong  
CEO and Executive Director

Mr Chen Kaitong is a key founder of the Group and was appointed Director and CEO of the Company since December 2008. He is also a director in various companies of the Group. Mr Chen is instrumental to the Group's growth, operations and direction. He is responsible for strategic corporate planning, business development and overseeing the key day-to-day operations of the Group. Mr Chen has more than 30 years of experience in the retail industry in China. He was involved in the early stages in setting and running the first modern department store of the Group in Anxi. He 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 has also been a member of the National People's Congress representing Quanzhou City since 2007.

Mr Andrew Lim Kok-Kin  
Executive Director

Mr Lim was appointed to the Board as a non-executive director in Jan 2012 and re-designated as an executive director in May 2015. Mr Lim is a CFA charterholder since 1993 and has over 18 years of working experience in the investment industry, which includes serving as Director at Azure Capital Pte Ltd, Chief Investment Officer at S.E.A. Asset Management Pte Ltd, Senior Fund Manager at Pheim Asset Management (Asia) Pte Ltd and Senior Portfolio Manager at MMG Investments (Dubai, U.A.E.). Mr Lim also taught at the School of Business, Singapore Polytechnic. Mr Lim graduated with a B Sc (Hons) (Industrial Engineering) degree from the University of Texas (El Paso) and an MBA from the University of Texas (Austin).

Su Jianli  
Deputy CEO (Marketing and Operations) and Executive Director

Mr Su 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 and development of Group operations, implementation of quality management policies and marketing and sales. Mr Su possesses more than 17 years of experience at the management level in the power and apparel industries.

Su Caiye  
Non-Executive Director

Mr Su 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 apparel shop in 1992. He was involved in the establishment of Xiamen Zhongmin Baihui.

Dr Ong Seh Hong  
Independent Director

Dr Ong was appointed to the Board as an independent director in December 2010. He is a practising senior consultant 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. He was a Member of Parliament from 2001 to 2011. Dr Ong is currently an independent director of Dyna-Mac Holdings Ltd and Hock Lian Seng Holdings 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. Dr Ong was conferred PBM in 2001.

Mr Koh Lian Huat  
Independent Director

Mr Koh was appointed to the Board as an independent director in 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 Patron 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, the ACCA and the Chartered Management Institution (UK).

Ms Xu Ruyu  
Independent Director

Ms Xu was appointed to the Board as an independent director in December 2010. Possessing more than ten years of experience in legal practice in China, Ms Xu 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**

Ms 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.

Mr Jeffrey Kan Kai Hi  
Chief Financial Officer

Mr Kan joined the Group in July 2010 and is responsible for overseeing matters relating to accounting, financial administration and the compliance and reporting obligations of the 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 of Ghimli Group where he started as a controlling accountant. 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.

Ms 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 promoted to office manager, store manager and operations manager. Ms Jian holds a Diploma in Music Education from Xiamen Normal College, China.

Ms 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 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 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”. The first modern 中闽百汇 store was opened in Anxi County, Quanzhou City, Fujian Province in 1997. Since then, the Group has expanded its footprint in Fujian to 11 self-owned stores and three managed stores, spanning an aggregate gross floor area of 181,700 sq m (153,300 sq m self-owned store GFA; 28,400 sq m managed store GFA) as at 31 December 2017.

The Group’s revenue comes from four sources, namely, direct sales, commissions from concessionaire sales, rental income and income from managed rental. Supermarket sales forms the bulk of direct sales. Concessionaire commissions are derived from the tenants in the department store area paying a portion of their sales to the Group. Rental income comes mainly from the F&B outlets in our stores. Managed rental income comes from department store tenants paying fixed rental charges.

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. The flagship Wucun Store, 28,700 sq m in size, occupies three floors of a building and boasts a large underground shopping area and is located in a busy commercial district served by a transportation network of bus stations, the Xiamen Railway Station and a metro station. The Lvco Store, 23,300 sq m in size, is situated next to the Lvco metro station, in the heart of a residential area with high traffic flow.

The Group has a strong presence in Quanzhou, with a total of ten stores (eight self-owned and two managed stores) occupying gross sales area of 111,900 sq m (94,600 sq m self-owned stores). Besides the prefectures of Quanzhou and Xiamen, the Group has a managed store in Zhangzhou and a self-owned store in Putian. The Group will be adding more stores in Quanzhou and Zhangzhou in the coming years.

With nearly 20 years of strong retail reputation under the “中闽百汇” brand, the Group offers a pleasant shopping experience with a wide variety of quality merchandise, lifestyle products and customer-oriented services catering to the middle income consumers. All the stores have sizeable modern supermarkets, offering fresh produce and an extensive range of products. By developing strong relationships with well-known international and domestic brands, the Group constantly optimizes its product mix to bring more value to its consumers. The Group adheres to the principles of Unity, Dedication, Faithfulness and Service (团结、敬业、忠诚、服务) to our employees, customers and community. Zhongmin Baihui aims to offer quality goods and services to its customers with a spirit of innovation. ZMBH was named as a top ten brand enterprise in Quanzhou in the year 2015 as a testament to the high quality of service and customer satisfaction that the Group provided.

In line with rising consumption levels and increased tourist arrivals to Fujian, the Group will continue its expansion plan through the opening of new stores, joint ventures, and strategic

alliances. The Group will continue to seek out suitable sites both within and beyond Fujian 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 and beyond.

In the area of staffs remuneration and welfare we have a close working relationship with our labour unions. Although there is no formal collective wage agreement, our long established practice of informal agreement and regular consultation, ensure that our staffs are fairly compensated and motivated.

The Group is an active member of the following trade related associations;

China Association of Retailers

China Commerce and Industry Management Association

Fujian Province Trade Federation

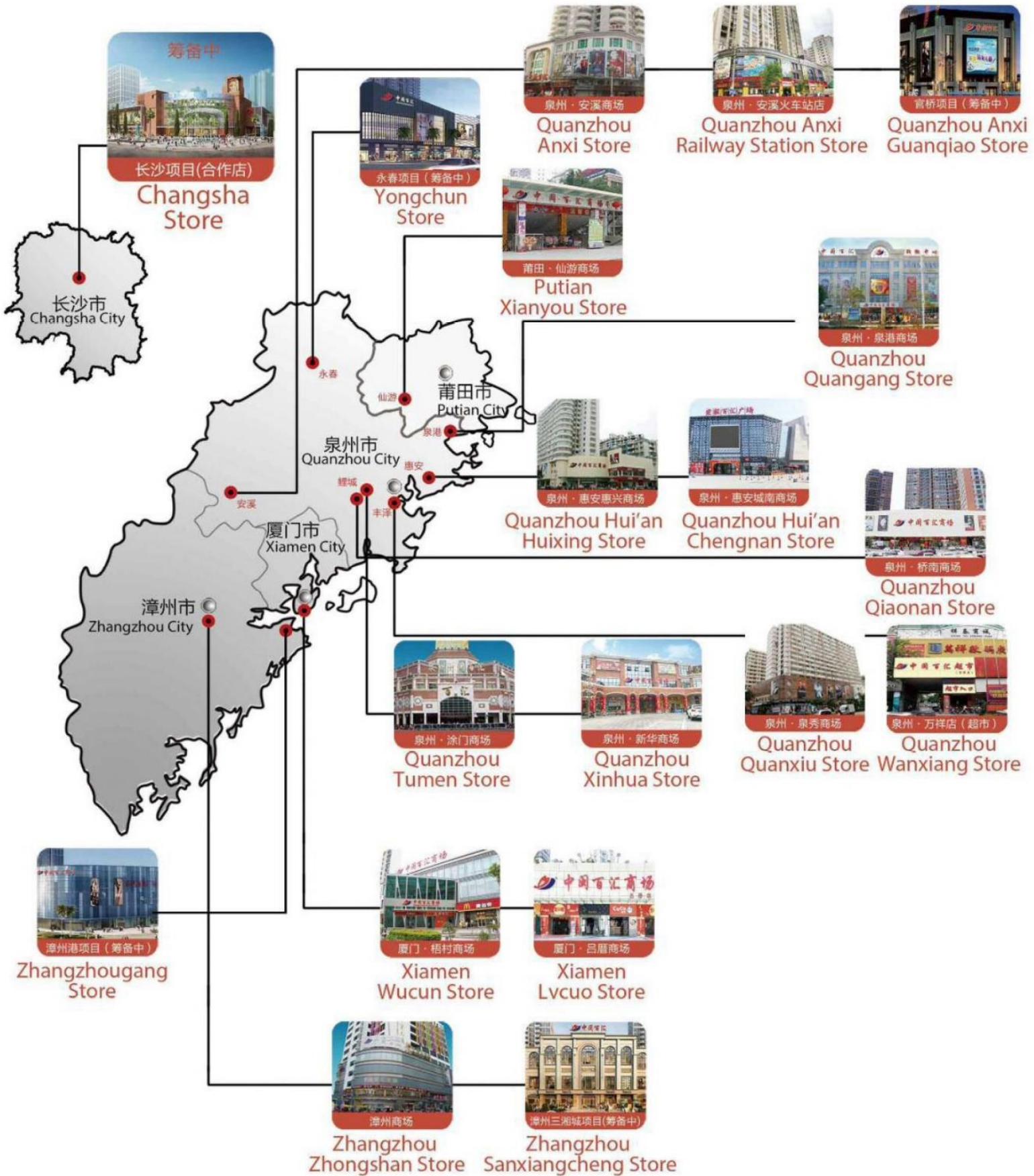
Xiamen Simin District Industry and Commerce Association

Quanzhou Industry and Entrepreneur Federation

However, the Group does not participate or endorse in any externally developed economic, environmental and social charters, principles or initiatives.

# Location of Stores

## 商场位置分布图



# Store Opening Timeline

## 开业进程

### 长沙项目(合作店)筹备中

Changsha joint venture project (Upcoming)

漳州港项目、漳州芩城项目、  
永春项目、官桥项目筹备中  
Future stores in Zhangzhou (CMZD and Xiangcheng)  
and Quanzhou (Yongchun and Guanqiao)

2017年1月1日, 福建省厦门市海沧项目第一期开业  
Jan 1, 2017, opened Xiamen Haicang Commercial Project phase one

2016年11月18日, 安溪火车站店开业  
Nov 18, 2016, opened Anxi Railway Station Store

2016年9月30日, 泉州泉港新店开业  
Sep 30, 2016, opened  
Quanzhou Quangang Store

2014年9月5日,  
泉州桥南商场开业  
Sep 5, 2014, opened  
Quanzhou Qiaonan Store

2013年4月28日, 泉州新华商场开业  
Apr 28, 2013, opened Quanzhou Xinhua Store

2014年11月28日,  
泉州城南商场开业  
Nov 28, 2014, opened  
Quanzhou Chengnan Store

2011年10月1日, 厦门吕厝商场开业  
Oct 1, 2011, opened Xiamen Lvucuo Store

2016年1月1日,  
泉州万祥店(超市)开业  
Jan 1, 2016, opened  
Quanzhou Wanxiang Store

2009年12月19日,  
厦门梧村商场开业  
Dec 19, 2009, opened  
Xiamen Wucun Store

2015年12月18日, 莆田仙游商场开业  
Dec 18, 2015, opened Putian Xianyou Store

2006年9月30日,  
泉州泉秀商场开业  
Sep 30, 2006, opened  
Quanzhou Quanxiu Store

2009年4月30日, 泉州惠兴商场开业  
Apr 30, 2009, opened Quanzhou Huixing Store

2003年9月30日,  
泉州泉港商场开业  
Sep 30, 2003, opened  
Quanzhou Quangang Store

2003年11月29日, 漳州商场开业  
Nov 29, 2003, opened Zhangzhou Zhongshan Store

1999年10月1日, 泉州涂门商场开业  
Oct 1, 1999, opened Quanzhou Tumen Store

1997年10月1日, 泉州安溪商场开业  
Oct 1, 1997, opened Quanzhou Anxi Store



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思明区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  
Description: The store is one of the largest underground retail malls in Fujian, located in the commercial centre of Siming District in Xiamen City, linked by walkways and underground pedestrian crossings to the Xiamen Railway Station, bus terminals and a BRT station.

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思明区人口密集的住宅区中心, 地铁1号线及正在施工的2号线交叉点。

Gross floor area: 23,300 sq m  
Commencement: Oct 2011  
Description: Location in a densely populated area in the Siming district in Xiamen City, this underground store is next to the Lvcao metro station, which is also the Xiamen Metro interchange station for line 1 and line 2.



福建省厦门市吕厝店  
Xiamen Lvcao 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  
Description: Located in Xianyou County, Putian City, the store is in the busy Xianyou Lizhong Wenti Lvhua Square in Xianyou Central Garden.



福建省莆田市仙游店  
Putian Xianyou Store



福建省泉州市安溪火车站店  
Quanzhou Anxi Railway Station Store

面积: 3,700平方米

开业年份: 2016年11月

地理环境: 安溪火车站店座落于安溪特产城、中国茶都旁, 周边住宅密集, 主要以超市业态为主, 满足周边社区居民购物需求。

Gross floor area: 3,700 sq m

Commencement: Nov 2016

Description: The store is located near the Anxi Railway Station in the downtown area in Chengxiang Town, Anxi County, Quanzhou City and serves a densely populated area. This store carries largely supermarket products.

面积: 16,900平方米

开业年份: 2016年9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: 16,900 sq m

Commencement: Sept 2016

Description: The store is located in the town centre of Quangang District, Quanzhou City. Petrochemical is a major industry in Quangang.



福建省泉州市泉港店  
Quanzhou Quangang Store



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

Description: The store is situated in a popular shopping belt in the city centre of Quanzhou City and in proximity to several popular historic sites.



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  
Description: This store serves a densely populated area in the city centre of Quanzhou City and is well served a public transportation network.

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



福建省泉州市新华店  
Quanzhou Xinhua 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  
Description: The store is located at the intersection to several city centres, namely the Jinjiang District, Quanzhou Development District and South District of Quanzhou Bridge.



福建省泉州市桥南店  
Quanzhou Qiaonan Store



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

面积: 25,500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: 25,500 sq m  
Commencement: Nov 2014  
Description: The store is in Hongyi Baihui Centre, which is an integrated shopping mall adjacent to the Luoyang town area in Hui'an County.

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  
Description: The Wanxiang Store, located in Fengze District, Quanzhou City, carries largely supermarket products and caters to the shopping needs of the local community.



福建省泉州市万祥店  
Quanzhou Wanxiang Store



福建省泉州市惠安惠兴店(管理店)  
Quanzhou Huian Huixing Store (managed 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城中心处, 四周为住宅。

Gross floor area: 10,900 sq m  
Commencement: Apr 2009  
Description: This managed store is located in the heart of Hui'an County, in a densely populated residential area.



福建省泉州市安溪店(管理店)  
Quanzhou Anxi Store (managed 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城镇商业中心, 人流稠密。

Gross floor area: 6,400 sq m  
Commencement: Oct 1997 (relocated in 2006)  
Description: The Quanzhou Anxi Store, a managed store, is located in a lively commercial and residential area in Fengcheng Town, Anxi County, Quanzhou City.

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  
Description: The Zhangzhou Zhongshan Store is located in the busy city centre of Zhangzhou City .



福建省漳州市中山店(管理店)  
Zhangzhou Zhongshan Store (managed store)

开业年份: 2017年1月(第一期)  
地理环境: 港基百汇商业物流(厦门)有限公司(控股30%), 第一期于2017年1月开业, 共有三层, 面积31000平方, 位于海沧区繁华的商业区。

Commencement: Jan 2017 (phase one)  
Description: Citi-base Commerce Logistics (Xiamen) Co, a 30%-owned associate, completed the first phase of the complex in Jan 2017, which comprises three floors of commercial space with a total floor area of 31,000 sq m. The complex is located in a busy part of Haicang District in Xiamen.



福建省厦门市海沧项目  
Xiamen Haicang Commercial Project

# Up And Coming Stores

## 筹备店

### 中闽百汇长沙项目(合作店)

面积: 210,000平方米

项目介绍: 该项目是与砂之船(奥莱)集团合作的大型购物广场, 位于湖南省长沙市望城区, 金星路与月亮岛路交汇处, 临近城市三环线, 交通便捷, 人口稠密。

Joint venture project in Changsha City

Gross floor area: 210,000 sq m

Description: Located near the junction of Jinxing Road and Yueliangdao Road in Wangcheng District, Changsha City, Hunan Province, the project is a joint venture with the Sasseur Group to develop a large shopping and entertainment centre.



### 中闽百汇漳州芴城项目

面积: 1,400平方米

地理环境: 位于漳州城西, 是一个繁华的住宅区, 以生鲜和超市业态为主。

Store in Xiangcheng District, Zhangzhou City

Gross floor area: 1,400 sq m

Description: Located in a good residential district in Zhangzhou City, this store will focus on fresh produce and supermarket products.



### 中闽百汇永春项目

面积: 23,200平方米

地理环境: 位于泉州市永春县主城区, 是县城主要的生活居住区, 人口密集, 也是政府主要机构、文化、体育、科技等服务设施的集中区。

Store in Yongchun County, Quanzhou City

Gross floor area: 23,200 sq m

Description: Located in the main town area of Yongchun County, the store serves a densely populated area. The area also serves key local government organisations and other cultural, sports and technology entities.



### 中闽百汇漳州港项目

面积: 15,200平方米

地理环境: 位于南厦门中央核心位置——漳州港行政科教商住区中心, 是漳州港的行政、文化、商业中心。

Store in CMZD, Zhangzhou City

Gross floor area: 15,200 sq m

Description: The store is located in a new economic zone called the China Merchants Economic and Technological Development Zone ("CMZD"), one of the state development zones, to serve as the administrative, cultural and commercial centre of Zhangzhou Port.



### 中闽百汇官桥项目

面积: 6,400平方米

地理环境: 位于泉州市人口密集的官桥镇中心。

Store in Guanqiao, Anxi County, Quanzhou City

Gross floor area: 6,400 sq m

Description: The store is located in the densely populated town of Guanqiao Town, Anxi County.

## ***Governance of Sustainability at ZMBH***

Sustainability is a journey which aims to improve the material non-financial performance. It is a journey comprising of many small steps and milestones towards agreed sustainable goals.

This journey is led by the Sustainability Committee, chaired by our CEO, Mr. CHEN Kaitong and supported by a dedicated team consisting of Ms. WANG Liyu, Deputy CEO, Mr. Andrew LIM Kok-Kin, Executive Director, Mr. Jeffrey KAN Kai Hi, CFO and Ms. HUANG Pingping, HR Manager, Wucun store Director, Ms. LI Hui.

The Sustainability Committee is supported by a Sustainability Working Group to implement strategies, monitor and measure performance. This Working Group includes representatives from Human Resources, Marketing, Quality Control, Store Management and other relevant Head of Departments. The CEO reports sustainability progress, issue and stakeholder feedback to the Board at their regular meetings.

### Sustainability Governance Structure



Since our humble beginning in 1<sup>st</sup> October 1997, some 20 years ago, being a sustainable business has been part of our corporate values and culture. However, we are new to reporting on sustainability based on an international framework. As a first step, a kick-off meeting was conducted for about 200 staffs with managerial and supervisory responsibilities, in Xiamen Wucun Store. In this meeting, attendees were briefed on sustainability and GRI G4 framework, this meeting also surfaced a list of Environmental, Social and Governance (ESG) factors with respect to internal stakeholders.

This year for external stakeholder, customer was identified as the focus group. Customer survey has been an on-going practice and collectively, with the internal stakeholders, the top material ESG factors and as approved by the Board of Directors are:

- 1) Food Safety
- 2) Customer Satisfaction
- 3) Energy Consumption within the organisation
- 4) Staffs Training and Development
- 5) E-commerce (Disruptive Technologies)

Material ESG factors are defined as those that:

- a) Reflect the reporting organisation's significant ESG impacts; or
- b) Substantively influence the assessments and decisions of stakeholders.

The aspects adopted by the Group and its boundaries are as follows:

<b>ESG Factors</b>	<b>Aspects</b>	<b>Boundaries</b>
Food Safety	Customer Health & Safety (G4-PR1)	Wucun Store
Customer Satisfaction	Results of Surveys measuring Customer Satisfaction (G4-PR5)	Wucun Store
Energy Consumption	Energy consumption within The organization (G4-EN3)	Wucun Store
Staffs Training and Development	Average hours of training per year per employees by gender and employee category. (G4-LA9)	Group and Wucun Store
E-commerce (Disruptive Technologies)	Non-GRI	Group

The Sustainability Committee reviews the option of external assurance for its sustainability report. GRI does not require external assurance and this year we have chosen not to get such assurance.

For any queries regarding our sustainability reporting, please contact us at [enquiry@zhongminbaihui.com.sg](mailto:enquiry@zhongminbaihui.com.sg) or 80 Marine Parade Road, #13-08 Parkway Parade, Singapore 449269

## ***Specific Standard Disclosure***

ESG Factor Chosen

**Food Safety**

GRI Aspect

**Customer Health & Safety**

**(G4-PR1)**

Boundaries

**Wucun Store**

Any food safety incident has a major impact on customers' confidence and the Group established reputation of being a purveyor of food safe for human consumption. It is does a material aspects that the Group placed great emphasis and importance.

The Group policies and practice of safeguarding food safety are encapsulated in our operational manuals "Goods Acceptance Management Procedures" & "Goods Inspection Procedures" which includes

- 1) Pre-qualification of suppliers before commencement of any commercial transactions.
- 2) 100% inspection of incoming goods
- 3) For perishable like fruits, vegetable, meats, eggs and marine produces, daily testing for freshness and expiration.
- 4) Monthly audit of in-store goods
- 5) Stringent protocols in handling goods that regularly failed inspections or customers complaints, including placing them on the Blacklist.

Actual 2017 food safety performance as per flagship Wucun store is as follows;

For the year quality check was made on 23,877 merchandises consisting of 305,838 test points. Of which, 23,803 merchandise consisting of 305,680 test points passed.

Only 74 merchandise or 158 test points failed, giving a pass rate of 99.95%

In the weekly spot check on net merchandise content, a total of 465 merchandises consisting of 4,235 check points were randomly selected.

Of which 435 merchandises consisting of 4,114 test points passed or a pass rate of 97.14%;

On the detection of pesticide residues in fruits and vegetables and formaldehyde in aquatic produces, a total of 6,250 tests were done and achieved a 100% pass rate.

For the year, 13 suppliers/manufacturers failed the food safety tests, were reported to our HQ, their entire merchandise rejected, and for more serious case, termination as a qualified suppliers. Like customers, our suppliers are well aware of our long track record of stringency and commitment to safety hence, only reliable and committed suppliers remain.

ESG Factor Chosen  
**Customer Satisfaction**

GRI Aspect

**Results of Surveys measuring Customer Satisfaction**

**(G4-PR5)**

Boundaries

**Wucun Store**

Our growth from a single store back in 1997 to 14 stores today will not be possible without satisfied customers making repeated purchases and their “word of mouth” advertising enhancing our customers’ base. Customers’ have recognized our continued efforts to enhance their shopping experience and thus making it a major differentiator to online shopping.

In 2017 our customer satisfaction survey plan are as follows;

1) Quarterly

Each quarter a “universal” questionnaire survey is conducted.

Depending on the issues raised, a more targeted survey will be conducted, some of the issues raised are "Cashier Skills", "Children's section", " Men's clothing " .

Other tools includes targeted investigation, analysis of the needs of major customer groups, through the feedback form, the formation of written documents,

2) Daily basis,

On-site processing of customer complaints, attending to customers complaints about our merchandise, our services, our rules regarding “Return goods”, products or service that they would like to have but are not available in our stores,

All these will be feedback and discussed with the relevant departments for improvement and monitor for subsequent outcomes.

Wucun Store 2017 customer satisfaction survey performance is as follows;

1. For fresh produce areas, cashier skills and other special large customer opinion survey, a total of 1,863 copies were issued with 1,808 replies or an effective response rate of 97.04%

2. For the year, 11 feedbacks were received from customers, all were duly summarized and acted upon needfully.

3. 74 complaints were received this year, among them, 7 complaint was about service, 67 were about merchandise, of which 60 was about quality, all was processed satisfactory to the customers (100% rate). Because of quality issues the return of 60, is worth 13,253.5 yuan. Compares to last year of 96 cases, it is a decline of 37.5%;

4. One case of customer complaint employee for poor service, the relevant employee have been has been dealt with.

ESG Factor Chosen  
**Energy Consumption**

GRI Aspect  
**Energy consumption within the organization**

**(G4-EN3)**

Boundaries  
**Wucun Store**

Energy consumption is a major operating expense for the Group. Reduction in energy consumption is an important means to improve our operational efficiency, reduced operating cost and contribute to reducing our carbon footprint.

Some of the measures we have taken are;

Better management of energy-consuming equipment and reduce unnecessary energy consumption.

Paying more attention to equipment inspection and maintenance, reduce the extra loss.

1. regularly carry out equipment and accessories maintenance, maintenance, replacement, to ensure the normal operation of equipment, to avoid electrical losses caused by equipment failure.

2. in the elevator and other power equipment, increase equipment lubrication management, arrangements for the timely inspection of equipment operation and lubrication, timely management of maintenance, reduce additional electricity consumption.

3. Central air-conditioning cooling tower to increase drainage valves, cleaning frequency increase, strengthening, maintenance and repair, so as to save water.

Replacement of 8,443 energy-saving lights and reasonable design of public places lighting control lines, in the fire tunnel using induction lights, aligning air-conditioning with the seasonal change

Total electricity saving of 235,700 KWH for 2017.

ESG Factor Chosen  
**Staffs Training and Development**

GRI Aspect

**Average hours of training per year per employees by gender and employee category.**

**(G4-LA9)**

Boundaries

**Wucun Store**

Total number of employee	Group	Wucun Store
	2701 人	304 人

Retail industry is highly competitive with lots of direct customer interaction.

Our staffs need to be well-trained to serve our discerning customers, to maintain the high level of customers' satisfaction and over time acquire new skills and product knowledge.

The Group has a training academy, staffed by full-time and part-time trainers, to carry out orientation of new hire before commencement of work and subsequent periodic training.

Through such training, staffs can better understand the Group's corporate culture, management system, post operation norms and skill development for employees.

(a) Our training categories

1. New recruits are required to attend Pre-job training for the 1.5 Day (9 hours).

The main contents of the training are as follows: "< Employee manual > Guide" "Business Etiquette", "the relevant laws and regulations knowledge", "the correct handling of customer action" and so on. The new hire will then have to pass an assessment results before being deployed to work under supervisor.

2. Existing staff are required to attend at least 6 training class annually. Main topics are: "Enterprise Culture" "Shopping Guide Skills" "Commodity knowledge" "service consciousness".

3. The training of management staff is mainly in the form of workshop, generally between 1-2 day duration. Some of the training courses are: "Corporate culture" "Management Knowledge" "Case reviews".

(iii) 2017 Group Training Plan Completion

1. Pre-employment training for new hire, 1,853 attended or 100% of new hire.

2. A total of 4 training sessions were organized for the year, a total of 8181 people attended. Course topic are : the Education Training Center micro-Letter Promotion class "The slight" the way ", the Post special class" and the fresh area staff has about--the sale speech technique "and the clothing category staff has about--the fashion display, the customer service personnel training" the heart has "the lawsuit".

ESG Factor Chosen  
**E-commerce (Disruptive Technologies)**

**Non-GRI**

Boundaries  
**Group**

1) Internet and E-commerce

Internet has changed our way of life, providing convenience but it is not able to provide us with other sensory and emotional needs. Of the five senses of visual, auditory, smell, taste and touch, customers experience only the visual, vastly limiting the shopping experience.

Nielsen retail sales data has shown a rapid growth of online sales however in recent years it seems to be plateauing. Online sale is not broad-based but seems to be restricted to certain categories like baby diapers and the online sales of impulsive consumer goods such as beverages are negligible.

In the last few years, the Group has been actively monitoring e-commerce, studying the various business models of other industry players, their successes and failure. E-commerce could be an extension since we have most of the merchandises sold online. Our criteria to venturing into e-commerce are if it would improve customer service/satisfaction and enhance our competitiveness.

2) Mobile phone Apps platform

Currently, mobile phone Apps like “Wechat” is a popular tool for businesses and social media, capable of text, pictures, voice and video interaction.

In 2017 year, we opened a Wechat Enterprise Group Service number and as end of last year when have 700,000 followers(fans), with up to 800+ millions reading per month.

This kind of promotion way is more direct, focus and in a more flexible way of marketing. It is also more interactive strengthening communication with consumers, understanding the needs of customers, cultivate fans and customers, enhance our service and improve customer satisfaction.

3) Cashless Payments

In recent years, cashless payment has become an important way for customers to pay for purchases, thereby increasing convenience to customers.

In our checkout counters, manned or self, we are equipped to such accept multi-channel payments, like Alipay, bank cards, etc.

#### 4) Unmanned Conveniences stores

In the last few years, unmanned convenience stores embedded with technology such as RFID tags, mobile payment systems, facial and movement recognition has sprung up in major cities like Beijing, Shanghai and Hangzhou.

It is an interesting concept for our business development, which we are actively monitoring.

## ***Achievements and Recognitions***

This year, 2017, as we celebrate our 20<sup>th</sup> anniversary, the Group and its subsidiaries have achieved and be recognized both at the national and provincial level.

### **At the National level (国家级), we were awarded the following:**

National Commercial Service Industry “全国商业服务业先进企业” 2013, 中闽百汇(泉州) 商贸管理有限公司

### **At the Provincial level, Fujian, (福建省) we were awarded:**

Fujian Province Contract abiding and trustworthy Enterprise “2016 年度福建省劳动关系和谐企业” - 中闽百汇(泉州) 商贸管理有限公司涂门街分公司

Fujian Province Excellent Business Enterprise  
“百姓满意超市” 2012, - 厦门市中闽百汇商业有限公司

Fujian Province Top Ten Supermarket “先进集体” 2012, 厦门市中闽百汇商业有限公司

Fujian Province Trustworthy Store  
“福建省著名商标” 2015, 厦门市中闽百汇商业有限公司

Fujian Province Price and Quality Assured Unit  
“倡导诚信纳税企业” 2017, 厦门市中闽百汇商业有限公司

Fujian Province Top 10 Renowned Enterprise.  
2016 年度十佳市民最喜爱的品牌企业

## General Standard Disclosures

Strategy and Analysis				
General Standard Disclosure	Description	Page Number	Additional Information	Omission
G4-1	Chairman/CEO Message	10 3	Annual Report Sustainability Report	
Organization Profile				
General Standard Disclosure	Description	Page Number	Additional Information	Omission
G4-3	Name of the Organization	7	Corporate Profile	
G4-4	Primary brands, products and services	7	Corporate Profile	
G4-5	Location of the organization's headquarters		Singapore	
G4-6	Countries in which operations are located	7	China	
G4-7	Nature of ownership and legal form	7	Corporate Profile	
G4-8	Market served		China	
G4-9	Scale of organization	7	Corporate Profile	
G4-10	Workforce information	21	Specific Standard Disclosure	
G4-11	Percentage of total employees covered by collective bargaining agreements	21	Specific Standard Disclosure	
G4-12	Organization's supply chain	7	Corporate Profile	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	16, 46	Annual Report 2017	
G4-14	Addressing the precautionary approach or principle	30	Annual Report 2017	
G4-15	Externally developed	8	Corporate Profile	

	economic, environmental and social charters, principles or initiatives endorsed			
G4-16	Membership in associations and national or international advocacy organizations	8	Corporate Profile	

### Identified Material Aspects and Boundaries

<b>General Standard Disclosure</b>	<b>Description</b>	<b>Page Number</b>	<b>Additional Information</b>	<b>Omission</b>
G4-17	Entities included in the organization's consolidated financial statements	74,75,76	Annual Report 2017	
G4-18	Process for defining the report content and the Aspect Boundaries. Implementation of the Reporting Principles for Defining Report Content	16	Governance of Sustainability	
G4-19	Material Aspects identified in the process for defining report content	17	Governance of Sustainability	
G4-20	Aspect Boundary within the organization	1	Statement from Chair of Sustainability Committee	
G4-21	Aspect Boundary outside of the organization	1	Statement from Chair of Sustainability Committee	
G4-22	Restatements of information provided in previous reports		Not Applicable (Inaugural Report)	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		Not Applicable (Inaugural Report)	

### Stakeholder Engagement

<b>General Standard Disclosure</b>	<b>Description</b>	<b>Page Number</b>	<b>Additional Information</b>	<b>Omission</b>
G4-24	List of stakeholder groups engaged by the organization	16	Governance of Sustainability	
G4-25	Basis for identification and selection of stakeholders with whom to engage	16	Governance of Sustainability	
G4-26	Organization's approach to stakeholder engagement	16	Governance of Sustainability	
G4-27	Key topics and concerns that have been raised through stakeholder engagement	17	Governance of Sustainability	

#### Report Profile

<b>General Standard Disclosure</b>	<b>Description</b>	<b>Page Number</b>	<b>Additional Information</b>	<b>Omission</b>
G4-28	Reporting period for information provided	01	Chairman Message	
G4-29	Date of most recent previous report		Not Applicable (Inaugural Report)	
G4-30	Reporting cycle	03	Annual	
G4-31	Provide the contact point for questions regarding the report or its contents	16	Governance of Sustainability	
G4-32	GRI Content Index	25	Sustainability Report 2017	
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	18	Governance of Sustainability	

#### Governance

<b>General Standard Disclosure</b>	<b>Description</b>	<b>Page Number</b>	<b>Additional Information</b>	<b>Omission</b>
G4-34	Governance structure of the organization, including committee	16	Governance of Sustainability	

	of the highest governance body			
<b>Ethics and Integrity</b>				
<b>General Standard Disclosure</b>	<b>Description</b>	<b>Page Number</b>	<b>Additional Information</b>	<b>Omission</b>
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	7	Corporate Profile	

## Specific Standard Disclosures: Indicators

<u>GRI G4 Material Aspect</u>	<u>Indicator</u>	<u>Indicator Description</u>	<u>Page Number</u>	<u>Omission</u>
Food Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	19	

<u>GRI G4 Material Aspect</u>	<u>Indicator</u>	<u>Indicator Description</u>	<u>Page Number</u>	<u>Omission</u>
Customers Satisfaction	G4-PR5	Results of Surveys measuring customers satisfaction	20	

<u>GRI G4 Material Aspect</u>	<u>Indicator</u>	<u>Indicator Description</u>	<u>Page Number</u>	<u>Omission</u>
Energy Consumption	G4-EN3	Energy Consumption within the Organisation	21	

<u>GRI G4 Material Aspect</u>	<u>Indicator</u>	<u>Indicator Description</u>	<u>Page Number</u>	<u>Omission</u>
Staffs Training and Development	G4-LA9	Average hours of training per year per employee by gender, and by employee category	21	

<u>GRI G4 Material Aspect</u>	<u>Indicator</u>	<u>Indicator Description</u>	<u>Page Number</u>	<u>Omission</u>
E-commerce (Disruptive Technologies)	Non-GRI	Group Monitoring and Investment plan	22	