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

2023
ANNUAL REPORT

中闽百汇
ZHONGMINBAIHUI

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Zhongmin Baihui Retail Group Ltd (the "**Group**" or "**ZMBH**") has over 20 years of experience in the retail business in China. In Fujian Province, the People's Republic of China ("**PRC**"), the Group operates integrated department stores and supermarkets under the name " 中闽百汇 ". In Hunan Province and Jiangsu Province in the PRC, the Group operates large outlet malls. ZMBH was incorporated in Singapore on 17 September 2004, listed on the Catalist Board of the Singapore Exchange ("**SGX**") on 20 January 2011, and transferred its listing to SGX Mainboard on 3 September 2013.

The first modern 中闽百汇 store commenced operations in Anxi County, Quanzhou City, Fujian Province in 1997. As of 30 September 2023, the Group has seventeen stores in Fujian Province, comprising fourteen self-owned stores and three managed stores, with an aggregate gross floor area ("**GFA**") of about 180,000 sqm. Five stores are supermarkets with GFA ranging from 1,000 sqm to 4,000 sqm. The larger integrated stores, with sizes ranging from 6,000 sqm to 28,000 sqm, have large department store sections, modern supermarkets, food and beverage outlets, and outlets offering a range of commercial services. The ZMBH stores generate revenue for the Group from four sources, namely, direct sales, commissions from concessionaire sales, rental income, and managed rental income.

The Group is strategically moving to become a notable player in the mega malls sector in China with two mega outlet malls, namely Changsha Sasseur (ZMBH) Outlets in Changsha, Hunan Province and Wuxi Yueshang Outlets in Wuxi, Jiangsu Province, with a combined GFA of 600,000 sqm.

The Group strives to offer a quality shopping experience to middle-income consumers. By developing strong relationships with well-known international and domestic brands, the Group constantly optimises its product mix to bring 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.

Corporate Profile
公司简介

中闽百汇零售集团（以下简称“集团”或“ZMBH”）在中国拥有超过 20 年的零售业务经验。集团在中华人民共和国福建省经营综合性百货公司及超级市场。集团于湖南省及江苏省经营超大型奥德莱斯商场。中闽百汇于 2004 年 9 月 17 日在新加坡注册成立，于 2011 年 1 月 20 日在新加坡交易所凯利板上市，并于 2013 年 9 月 3 日转移至新加坡交易所主板。

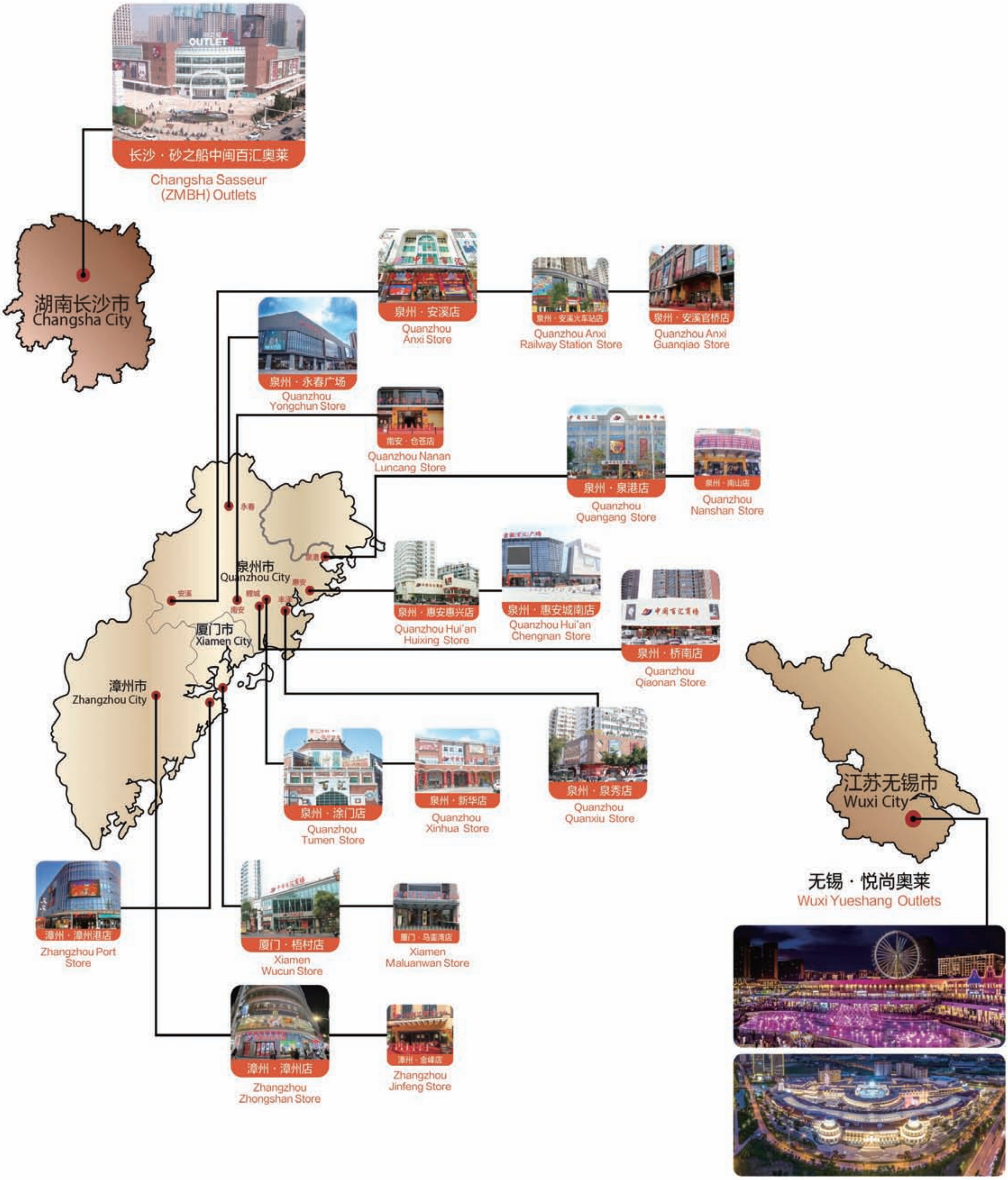
本集团在 1997 年，福建省泉州市安溪县开设了第一家现代化门店。截至 2023 年 9 月 30 日，集团在福建省拥有 17 家门店，包括 14 家自营店和 3 家管理店，总商业面积约为 180000 平方米。五家商店是超市，商业面积从 1000 平方米到 4000 平方米不等。规模较大的综合商店面积从 6000 平方米到 28000 平方米不等，设有大型百货商店、现代超市、餐饮店和其他商业服务。中闽百汇门店提供四个收入来源—自营销售， 联营销售， 出租收入和承包收入。

集团正战略性地发展成为中国超大型购物中心领域的重要参与者，拥有两家大型奥特莱斯，即位于湖南省长沙市的长沙砂之船（ZMBH）奥莱和江苏省无锡市的无锡悦尚奥莱，总商业面积达 60 万平方米。

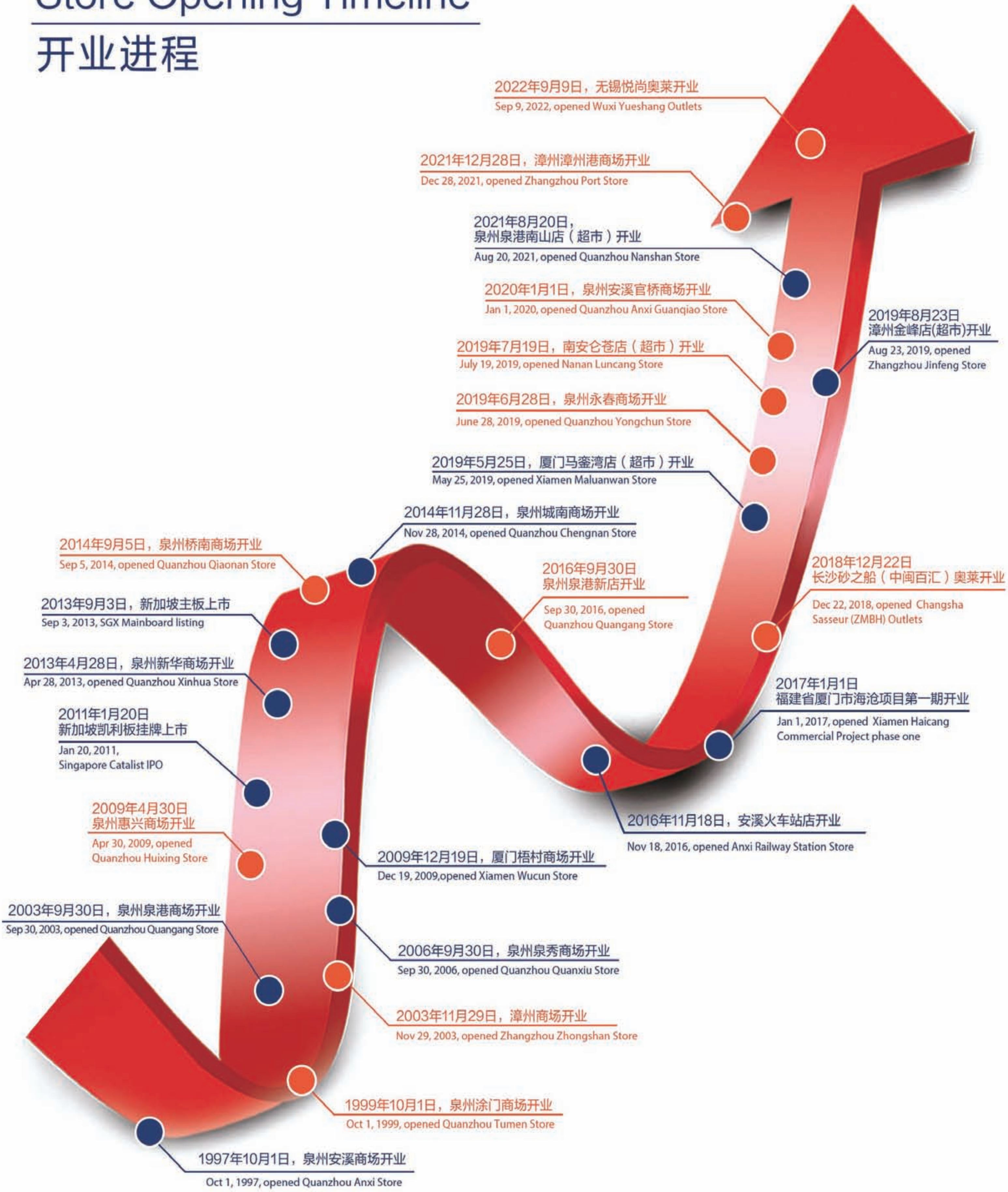
集团致力于为中等收入消费者提供优质的购物体验。通过与国内外知名品牌建立牢固的关系，集团不断优化产品组合，为消费者带来更多价值。集团坚持团结、敬业、诚信、服务的原则（团结、敬业、忠诚、服务） 我们的员工、客户和社区。集团本着“团结、敬业、忠诚、服务”的原则，善待员工、服务顾客、回报社会。ZMBH 以创新精神为客户提供优质的产品和服务。

Location of Stores

商场位置分布图



Store Opening Timeline
开业进程



福建省厦门市梧村店
Xiamen Wucun Store

商业面积：28, 746 平方米
开业年份：2009 年 12 月（租赁终止 2025 年 9 月）
项目介绍：厦门梧村店位于厦门市思明区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铁，厦门地铁站，长途汽车站，公交站和 BRT 站点，为厦门市交通枢纽的人流中心地带。

Gross floor area : 28,746 sqm
Commencement : Dec 2009 (lease ends in Sep 2025)
Description : Xiamen Wucun Store, one of the largest underground retail malls in Fujian, is situated in the commercial centre of Siming District, Xiamen City, and is linked by walkways and underground pedestrian crossings to the Xiamen Railway Station, a Xiamen Metro station, bus terminals and a BRT Station.

福建省厦门市马銮湾店
Xiamen Maluanwan Store

商业面积：1, 400 平方米
开业年份：2019 年 5 月（租赁终止 2031 年 7 月）
项目介绍：马銮湾店是间超市，位于人口密集的厦门市海沧区马銮湾生活广场。

Gross floor area : 1,400 sqm
Commencement : May 2019 (lease ends in Jul 2031)
Description : Maluanwan Store is a supermarket store in Maluanwan Square in Haicang District, Xiamen City.

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

项目介绍：福建省厦门市海沧项目由港基百汇商业物流（厦门）有限公司建造并拥有。该公司是集团 30% 的附属公司。这项目有一座 30900 平方米 3 层零售楼和一座 668 单位公寓楼可出租。

Description : The Xiamen Haicang Commercial Project is built and owned by Citi-base Commerce Logistics (Xiamen) Co, a 30%-owned associate of the Group. The project has a retail block with 30,900 sqm over 3 floors and a 668-unit apartment block available for rental. The complex is situated in a busy part of Haicang District in Xiamen.

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

商业面积：3,700 平方米
开业年份：2016 年 11 月（租赁终止 2031 年 6 月）
项目介绍：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 sqm
Commencement : Nov 2016 (lease ends in Jun 2031)
Description : This store is near the Anxi Railway Station in the downtown area of Chengxiang Town, Anxi County, Quanzhou City.

福建省泉州市泉港店
Quanzhou Quangang Store

商业面积：16,884 平方米
开业年份：2016 年 9 月（租赁终止 2031 年 9 月）
项目介绍：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 : 16,884 sqm
Commencement : Sept 2016 (lease ends in Sep 2031)
Description : Quangang Store is in the downtown area of Quangang District, a major petrol chemical region in Quanzhou City.

福建省泉州市涂门店
Quanzhou Tumen Store

商业面积：16,361 平方米
开业年份：1999 年 10 月（租赁终止 2030 年 3 月）
项目介绍：泉州涂门店位于人流旺盛的泉州市市中心。

Gross floor area : 16,361 sqm
Commencement : Oct 1999 (lease ends in Mar 2030)
Description : This is an integrated store 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

商业面积：10, 404 平方米
开业年份：2006 年 10 月（租赁终止 2025 年 4 月）
项目介绍：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 : 10,404 sqm
Commencement : Oct 2006 (lease ends in Apr 2025)
Description : This store serves a densely populated area in the city centre of Quanzhou City.

福建省泉州市新华店
Quanzhou Xinhua Store

商业面积：8, 873 平方米
开业年份：2013 年 4 月（租赁终止 2024 年 6 月）
项目介绍：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 : 8,873 sqm
Commencement : Apr 2013 (lease ends in Jun 2024)
Description : Xinhua Store is situated in a historic and tourist district of Quanzhou City.

福建省泉州市桥南店
Quanzhou Qiaonan Store

商业面积：6, 791 平方米
开业年份：2014 年 9 月（租赁终止 2032 年 9 月）
项目介绍：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 : 6,791 sqm
Commencement : Sep 2014 (lease ends in Sep 2032)
Description : The store is at the intersection of several city centres - Jinjiang District, Quanzhou Development District and Jiangnan District.

福建省泉州市惠安城南店
Quanzhou Hui'an Chengnan Store

商业面积：25, 466 平方米
开业年份：2014 年 11 月（拥有店面的产权）
项目介绍：泉州惠安城南店位于惠安县城南部，一座综合商场的宏毅百汇广场内，紧邻惠安县螺阳镇城区。

Gross floor area : 25,466 sqm
Commencement : Nov 2014 (self-owned property)
Description : The store is in Hongyi Baihui Centre, an integrated shopping mall adjacent to the Luoyang town area in Hui'an County.

福建省漳州市金峰店
Zhangzhou Jinfeng Store

商业面积：1, 400 平方米
开业年份：2019 年 8 月（租赁终止 2034 年 11 月）
项目介绍：位于人口密集的住宅区和教府。

Gross floor area : 1,400 sqm
Commencement : Aug 2019 (lease ends in Nov 2034)
Description : Jinfeng Store is located near residential and educational districts.

福建省泉州市永春店
Quanzhou Yongchun Store

商业面积：23, 200 平方米
开业年份：2019 年 6 月（租赁终止 2039 年 6 月）
项目介绍：位于永春县主城区，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。

Gross floor area : 23,200 sqm
Commencement : Jun 2019 (lease ends in Jun 2039)
Description : This integrated store serves a densely populated area in the town area, in proximity to cultural, sports, government, science and technology entities.

福建省漳州市漳州港店
Zhangzhou Port Store

商业面积：15, 152 平方米
开业年份：2021 年 12 月（租赁终止 2036 年 12 月）
项目介绍：位于永鸿商业广场，南厦门中央核心位置，漳州招商局经济技术开发区，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。

Gross floor area : 15,152 sqm
Commencement : Dec 2021 (lease ends in Dec 2036)
Description : The store is situated in Zhangzhou CMZD, the state economic development zone in Zhangzhou City, which was created to serve as the administrative, cultural, and commercial centre of Zhangzhou Port. The store occupies four floors of the Yonghong Commercial Plaza.

福建省泉州市泉港南山超市
Quanzhou Nanshan Supermarket

商业面积：1, 220 平方米
开业年份：2021 年 8 月（租赁终止 2026 年 5 月）
项目介绍：位于人口密集的官桥镇中心。

Gross floor area : 1,220 sqm
Commencement : Aug 2021 (lease ends in May 2026)
Description : This supermarket is situated in the busy Quangang downtown area at the intersection of Zhongxin Road and Nanshan Zhong Road.

福建省泉州市南安仑苍店
Quanzhou Nanan Luncang Store

商业面积：4, 000 平方米
开业年份：2019 年 7 月（租赁终止 2034 年 7 月）
项目介绍：仑苍店是间南安市仑苍镇的社区超市。

Gross floor area : 4,000 sqm
Commencement : Jul 2019 (lease ends in Jul 2034)
Description : Luncang Store caters to the needs of residents in Luncang town in the county-level city of Nan'an.

福建省泉州市安溪官桥店
Quanzhou Anxi Guanqiao Store

商业面积：6, 416 平方米
开业年份：2020 年 1 月（租赁终止 2039 年 5 月）
项目介绍：位于人口密集的官桥镇中心。

Gross floor area : 6,416 sqm
Commencement : Jan 2020 (lease ends in May 2039)
Description : The store is situated in the densely populated town of Guanqiao Town, Anxi County.

福建省泉州市安溪店（管理店）
Quanzhou Anxi Store (managed store)

商业面积：6, 413 平方米
开业年份：1997 年 10 月（2006 年搬至新店）
项目介绍：泉州安溪店位于安溪县凤城镇商业中心，人流稠密。

Gross floor area : 6,413 sqm
Commencement : Oct 1997 (relocated in 2006)
Description : The store is situated in a lively commercial and residential area in Fengcheng Town, Anxi County.

福建省泉州市惠安惠兴店（管理店）
Quanzhou Huian Huixing Store (managed store)

商业面积：10, 050 平方米
开业年份：2009 年 4 月
项目介绍：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 : 10,050 sqm
Commencement : Apr 2009
Description : The store is in the heart of Hui'an County, a densely populated region.

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

商业面积：11, 132 平方米
开业年份：2003 年 11 月
项目介绍：漳州中山店位于漳州市市中心，人流稠密。

Gross floor area : 11,132 sqm
Commencement : Nov 2003
Description : The store is in the vibrant downtown area of Zhangzhou City.

湖南省长沙市砂之船（中闽百汇）奥莱

Changsha Sasseur (ZMBH) Outlets

商业面积：210, 600 平方米
开业年份：2018 年 12 月（合约终止 2038 年 12 月）
项目介绍：该项目是与砂之船（奥莱）集团合作的超大型奥特莱希，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。

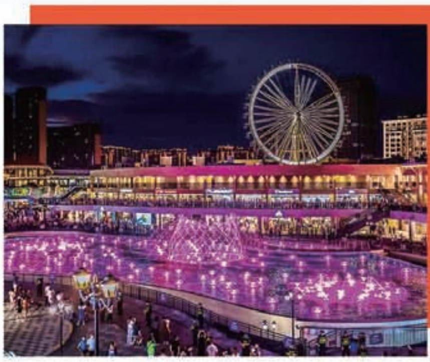
Gross floor area : 210,600 sqm
Commencement : Dec 2018 (contract ends in Dec 2038)
Description : This mega outlet mall is located at the junction of Jinxing Road and Yueliangdao Road in Wangcheng District, Changsha City, Hunan Province, in a densely populated region.

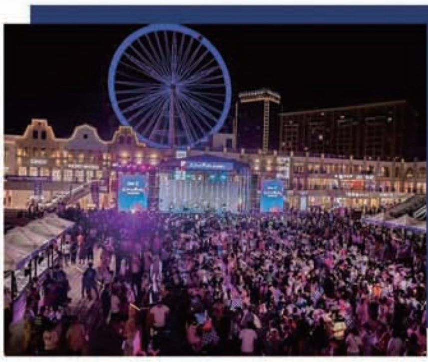
江苏省无锡市悦尚奥莱

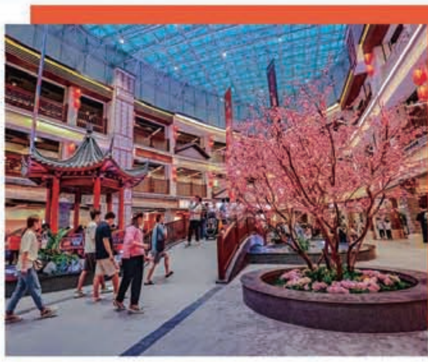
Wuxi Yueshang Outlets

商业面积：400, 000 平方米
开业年份：2022 年 9 月
项目介绍：悦尚奥莱位于江苏省无锡市惠山区惠山大道与北环路交汇处，商业面积 40 万平方米，设有 20000 多个停车位。项目将以优质生活为核心打造超级奥莱城，将以国际、国内的顶级名品折扣中心、餐饮美食、大型超市、儿童主题馆、休闲健身娱乐等。

Gross floor area : 400,000 sqm
Commencement : Sep 2022
Description : Yueshang Outlets is situated at the intersection of Huishan Avenue and Beihuan Road in Huishan District, Wuxi City, Jiangsu Province. The mall has a gross floor area of 400,000 sqm and 20,000 available parking spaces. The mall offers a lifestyle-based shopping experience with a good selection of international and domestic branded goods plus other leisure, entertainment, exercise, and dining options.







Chairman's Statement
主席致辞

On behalf of the Board of Directors of Zhongmin Baihui Retail Group Ltd, I am pleased to present the Company's Annual Report for the financial year from 1 July 2022 to 30 June 2023 ("FY2023").

Over the past three years, the Chinese economy faced challenges from COVID-19 pandemic disruptions. The Chinese GDP growth fell to 3.0% in 2022, the lowest in many years. Retail sales of consumer goods other than automobiles fell by 2.6% in 2022. COVID-19 restrictions started easing in December 2022 and most restrictions are now lifted. The Chinese economy has begun its recovery process as can be seen by the 7.5% growth rate in retail sales of consumer goods other than automobiles in the first seven months of 2023 as well as the GDP growth rate of 5.5% in the first six months of 2023. Nevertheless, the path to a full recovery is likely to take longer.

The Group has taken measures to improve our profitability over the past few years. We closed three underperforming stores in earlier FY2023 and refocused our resources on the other stores. As a result of these store closures and other efforts, there is an improvement in our performance of overall results versus the preceding financial period. We will continue our efforts to improve profitability.

We have recently conducted first-year anniversary celebrations on 9 September 2023 for our 400,000 sqm Wuxi Yueshang Outlets, which is one of the largest outlet malls in the Yangtze delta region. Since its grand opening, which was prior to the lifting of COVID-19 restrictions, occupancy and sales in Wuxi Yueshang Outlets have been improving over time. Our outlet malls' comprehensive offering of shopping, dining, leisure, entertainment, sports, and cultural activities aims to create attractive retail experiences for our shoppers.

A new Zhongmin Baihui supermarket store in Haicang District, Xiamen City is expected to be operational by the end of 2023 or beginning 2024. This supermarket will be in the newly renovated 30,900 sqm commercial complex built by a 30%-owned associated company of the Group, Citi-Base Commerce Logistics (Xiamen) Pte., Ltd.. The commercial complex, together with 668 units of apartment units will be ready for rental around the time.

Given the challenging economic environment, we will be selective in our expansion plan. The Group will continue to explore further business opportunities.

Given our improved financial performance in fiscal 2023 over the previous fiscal period, I am pleased to announce a dividend payout of Singapore Dollar one cent per share to reward our shareholders. We hope that our financial performance will continue to improve.

Mr. Lee Swee Keng
Executive Chairman
7 November 2023

Chairman's Statement
主席致辞

我谨此代表董事局提供截至 2023 年 6 月 30 日 12 个月的财务年度报告（“2023 财年）中闽百汇零售集团有限公司财务年度报告。

过去三年，中国经济面临新冠肺炎疫情的挑战。在这期间，中国 2022 年 GDP 增长率降至 3.0%，为多年来最低。在 2022 年，除汽车外的其他消费品零售额下降了 2.6%。新冠肺炎限制措施于 2022 年 12 月开始放松，大多数限制措施现已解除。从 2023 年前 7 个月汽车以外的消费品零售额 7.5% 的增长率和 2023 年上半年 5.5% 的 GDP 增长率可以看出，中国经济已经开始复苏。然而，实现全面复苏的道路可能需要时间。

过去几年，集团已采取措施提高公司盈利。因此上 2023 财年早些时候关闭了三家表现不佳的门店，可让资源重新集中在其他门店。这些门措施和其他措施使我们的整体业绩与上一财年相比有所改善。我们将继续努力提高盈利能力。

我们最近于 2023 年 9 月 9 日为无锡悦尚奥莱举办了一周年庆典。无锡悦尚奥莱拥有 40 万平方米，是长三角最大之一的奥莱。自新冠肺炎限制解除前盛大开业以来，无锡悦尚奥莱的出租率和销售额一直在改善。我们的奥莱提供消费者全面的购物、餐饮、休闲、娱乐、体育和文化活动选择，旨在为我们的购物者创造有吸引力的零售体验。

厦门市海沧区的一家中闽百汇超市预计将于 2023 年底或 2024 年初开业。这家超市将位于由集团 30% 的子公司港基物流（厦门）有限公司新建 30,900 平方米商业体内。该商业体以及 668 套公寓单元也会在同时间段开始出租。

鉴于充满挑战的经济环境，我们在扩张计划中会有所选择。集团将继续探索有趣的零售机会。

鉴于我们在 2023 财年的财务表现比上一财年有所改善，我很高兴宣布每股派息新加坡元 1 分，以奖励我们的股东。我们希望我们的财务业绩将继续改善。

李瑞庆
执行主席
2023 年 11 月 7 日

CEO's Statement
总裁致辞

The past few years were unusually challenging for businesses in China due to economic disruptions caused by COVID-19 pandemic control measures. During this difficult period, in which the Group recorded losses amounting to RMB33.04 million in the previous financial period of 18 months from 1 January 2021 to 30 June 2022 ("FY2022"), we are pleased to report that the Group returned to profitability in the financial year end 30 June 2023 ("FY2023"). The Group achieved profit after tax of RMB20.68 million in FY2023.

Revenue in FY2023 amounted to RMB967.56 million with gross profit margin on direct sales activities at 11.3% in FY2023, which is marginally lower than the 11.7% level in FY2022. China began easing back on COVID-19 restrictions in December 2022, leading to an overall economic recovery. Consequently, the Group was able to achieve a stronger second half in FY2023 with profit after tax of RMB29.47 million in the second half of FY2023.

The Group took proactive measures in closing underperforming stores when we closed Lvcuo Store and Qingyang Store in August 2022, and Wanxiang Store in September 2022. These measures were necessary to allow us to better manage our resources.

Our net cash flow generated from operating activities amounted to RMB89.17 million in FY2023. The second half year of FY2023 saw an even better performance, with net cash flow from operating activities of RMB97.11 million as compared to RMB82.37 million in the previous financial period.

Contributions from associates and joint ventures, which were largely from our two outlet malls in Changsha and Wuxi, amounted to RMB16.30 million in FY2023 as compared to RMB8.95 million in FY2022. Wuxi Yueshang Outlets began operations on 9 September 2022 and experienced losses of RMB24.30 million as it is still in the early gestation period. Wuxi Yueshang Outlets had achieved average occupancy rates of more than 90% for FY2023. Meanwhile, Changsha Sasseur Outlets continued to be making positive contributions in the reported periods.

Our overall funding situation remains stable, with interest-bearing loans of RMB180.14 million, an increase of RMB10.00 million over the previous financial period. The Chinese government has been pursuing a loose economic policy with a trend of lower borrowing costs. Consequently, we are experiencing stable to lower funding costs.

The Group has planned to open one new store, which is a supermarket store in Haicang District in Xiamen City, expected to be operational at the end of 2023 or the beginning of 2024. In the process of planning this store, the Group will remain cautious and ensure stability.

Mr. Chen Kaitong
CEO
7 November 2023

过去几年，由于新冠肺炎疫情控制措施，中国企业面临着挑战。在这一困难时期，本集团在截至 2022 年 6 月 30 日 18 个月财务年度（“2022 财年”）录得总计人民币 3304.40 万元的亏损。而今年比较庆辛的报告，本集团已在截至 2023 年 6 月 30 日的财务期间（“2023 财年”）恢复盈利。2023 财年，集团实现税后利润人民币 2068.15 万元。

2023 财年的收入为人民币 9.68 亿元，2023 财年直销毛利率为 11.3%，略低于 2022 财年 11.7% 的水平。自 2022 年 12 月中国开始放松对新冠肺炎的限制，经济已经基本复苏。因此，该集团在 2023 财年下半年实现更强劲的业绩，税后利润为人民币 2946.80 万元。

去年集团采取了积极措施，关闭了表现不佳的门店。我们于 2022 年 8 月关闭了吕厝店和庆阳店，并于 2022 年 9 月关闭了万祥店。这些措施使我们能够更好地管理我们的资源。

在 2023 财年，我们经营活动产生的净现金流为人民币 8917.34 万元。2023 财年下半年的业绩甚至更好，经营活动产生的净现金流为人民币人民币 9710.50 万元，而同期为人民币人民币 8236.70 万元。

在 2023 财年，子和合资公司盈利额为人民币 1630.01 万元，高于 2022 财年的人民币 895.04 万元。无锡悦尚奥莱于 2022 年 9 月 9 日开始运营，由于仍处于早期运营期，因此亏损了人民币 2430.04 万元。无锡悦尚奥特莱斯 2023 财年的平均出租率超过 90%。同时，长沙砂之船中闽百汇奥莱在报告期内继续盈利。

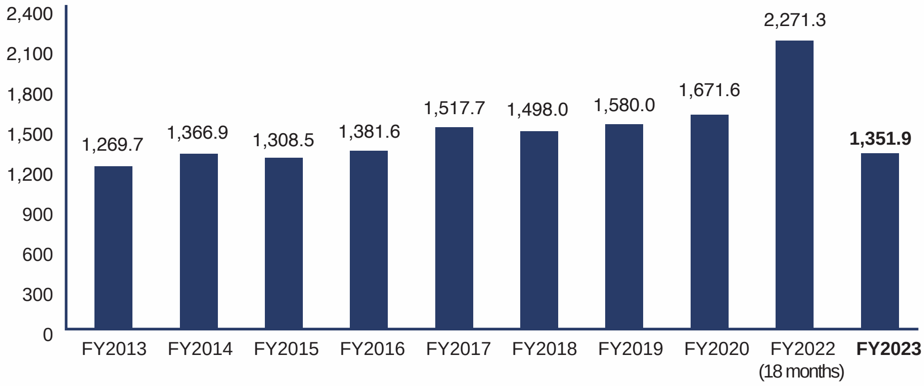
我们的整体资金状况稳定，有息贷款人民币 1.80 亿元，比上期增加人民币 1000 万元。中国政府一直在推行宽松的经济政策，并有降低借贷成本的趋势。因此，我们正在经历稳定到较低的融资成本。

该集团计划增开一家即厦门市海沧区的一家超市，预计将于 2023 年底或 2024 年初开业。集团在开店计划中仍将保持谨慎，但会稳中求进。

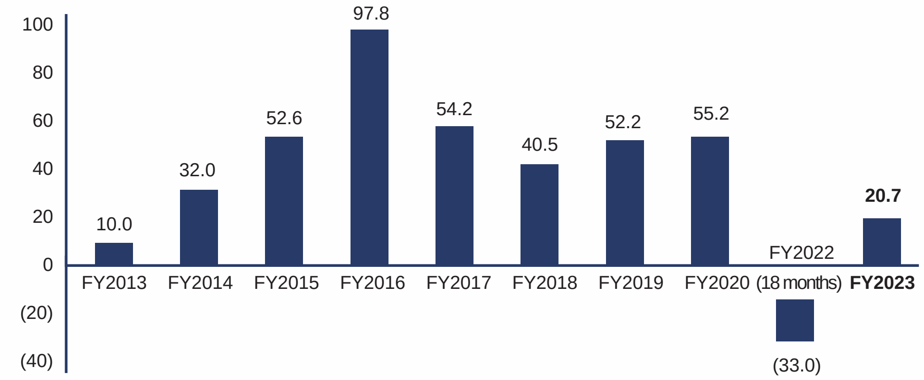
陈开通
总裁
2023 年 11 月 7 日

Financial Highlights
财务摘要

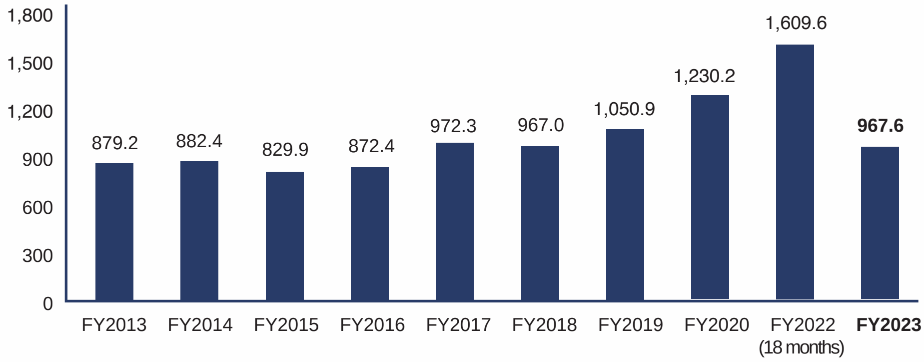
Gross sales proceeds *(RMB'Million)*
销售所得款项总额（人民币百万元）



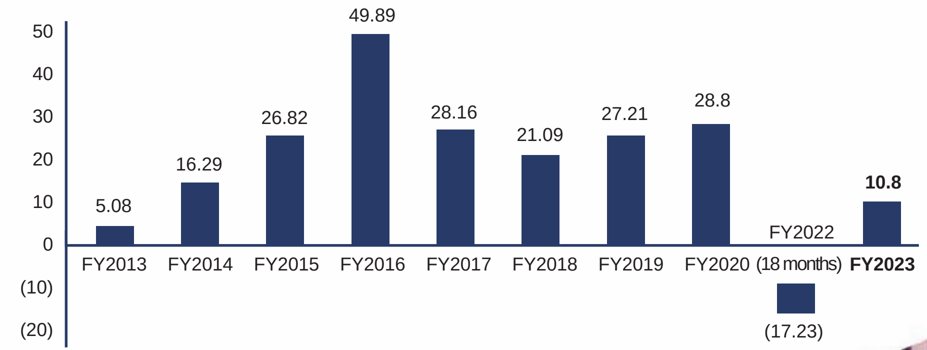
Profit/(loss) for the year *(RMB'Million)*
年内利润/(亏损) （人民币百万元）



Revenue *(RMB'Million)*
收入 （人民币百万元）



Earning/(loss) per share-Basic and diluted *(RMB cents)*
每股盈利/(亏损)－基本和稀释 （人民币一分）



Financial Highlights
财务摘要

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2022 (18 months)	**FY2023**
Financial Results (RMB'000) 财务业绩（人民币'000）										
Gross sales proceeds 销售所得款项总额 *	1,269,709	1,366,916	1,308,535	1,381,641	1,517,687	1,498,022	1,580,035	1,671,578	2,271,299	**1,351,947**
Revenue 收入	879,188	882,350	829,924	872,400	972,340	966,975	1,050,935	1,230,234	1,609,606	**967,565**
Profit/(loss) before taxation 税前利润/（亏损）	28,277	50,476	77,393	149,093	82,132	65,169	77,832	77,924	(268)	**17,613**
Profit/(loss) for the year 年内利润/（亏损）	9,982	31,983	52,644	97,823	54,200	40,458	52,187	55,236	(33,044)	**20,681**
Total comprehensive income/(loss) for the year attributable to equity holders of the Company 公司权益所有者应占全面收益/（亏损）总额	10,775	31,803	53,062	97,201	55,500	40,922	52,622	54,704	(33,861)	**18,370**
Financial Position (RMB'000) 财务状况（人民币'000）										
Non-current assets 非流动资产	87,743	110,059	118,120	97,752	212,814	200,128	491,932	443,829	607,170	**490,570**
Current assets 流动资产	374,819	395,785	425,917	463,099	361,203	394,368	457,013	648,470	669,635	**677,488**
Current liabilities 流动负债	(295,597)	(322,646)	(317,723)	(339,278)	(350,952)	(363,435)	(505,856)	(622,989)	(751,890)	**(687,585)**
Net current assets/(liabilities) 净流动资产/（负债）	79,222	73,139	108,194	123,821	10,251	30,933	(48,843)	25,481	(82,255)	**(10,097)**
Non-current liabilities 非流动负债	(77,505)	(81,183)	(111,543)	(55,862)	(50,772)	(36,607)	(260,409)	(256,163)	(364,037)	**(301,224)**
Total equity 总权益	89,460	102,015	114,771	165,711	172,293	194,454	182,680	213,147	160,878	**179,249**
Financial Ratios (RMB cents) 财务比率（人民币一分）										
Earning/(loss) per share 每股盈利/（亏损）										
- Basic and diluted 基本和稀释	5.08	16.29	26.82	49.89	28.16	21.09	27.21	28.80	(17.23)	**10.79**
Net asset value per share 每股净资产值	45.57	51.96	58.46	82.37	89.81	101.37	95.23	111.15	83.91	**93.48**

* Gross sales proceeds represents 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。

Board of Directors
董事会

Lee Swee Keng
Executive Chairman and Executive Director

Chen Kaitong
Chief Executive Officer and Executive Director

Mr Lee Swee Keng was appointed to the Board in September 2004 as a Director and Executive Chairman. Mr Lee is responsible for charting and steering the Group's business direction, overall management, strategic planning and business development of the Group. He has more than 40 years of operation and management experience in the food, construction machinery and equipment industries. As a key founder of the Group, Mr Lee partnered with Mr Chen Kaitong in setting up and operating small-scale department stores in Anxi, Fujian, before they collaborated to establish Zhongmin Baihui. Mr Lee was conferred the Public Service Medal (Pingat Kakti Masyarakat or "PBM") in 2014.

Mr Chen Kaitong is a key founder of the Group and was appointed as a Director and Chief Executive Officer of the Group in December 2008. He is also a director of 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 of setting up and running the first modern department store of the Group in Anxi. He has received numerous awards for his contributions to the sector. He currently serves as the vice president of the Fujian Federation of Enterprises and Entrepreneurs, the honorary president of the Fujian Modern Commerce, Culture and Tourism Chamber of Commerce, the executive vice president of Quanzhou Enterprises and Entrepreneurs, and the president of the Fujian Chain Operations Association. He also deputies to the 17th National People's Congress and other social organizations.

In 2008, he was named the first moral model of Quanzhou City by the Quanzhou City Spiritual Civilization Construction Steering Committee; in 2009, he was on the "China Good People" list which was selected by the Secretariat of the Central Civilization Office and the China Civilization Network; in 2016, he was evaluated by the Talent Office of the Quanzhou Municipal Committee of the Communist Party of China as one of the 20 Leading Talents in Enterprise Management in Quanzhou City and was awarded the Best Management Innovation Award for Cross-border Innovation Leaders in China's Retail Industry by the China Department Store Business Association. In 2018, Chen Kaitong was elected as the Quanzhou Economic Figure of the Year 2018 at the Quanzhou Economic Annual Conference jointly sponsored by the Propaganda Department of the Quanzhou Municipal Committee of the Communist Party of China and other nine units.

Board of Directors
董事会

Choy Bing Choong
Independent Director

Goh Poh Kee
Independent Director

Kho Kewee
Independent Director

Mr Choy Bing Choong was appointed to the Board as an Independent Director in December 2019. He is the Chairman of the Audit Committee and Lead Independent Director. Mr Choy is a Fellow Chartered Accountant of Singapore, a member of the Singapore Institute of Directors, and holds a Bachelor of Accountancy Degree from The National University of Singapore. He also completed a post graduate diploma in Strategic Human Capital Management (Organizational Development & Psychology) for which he was awarded a gold medal. Mr Choy has more than 30 years of experience in a variety of roles in multiple industries and countries. He is currently Executive Chairman at Natural Cool Holdings Limited where he has been since 2014. Before that, he spent 8 years with the corporate finance department at CIMB Bank Berhad, Singapore Branch where he last held the position of Director, Corporate Finance. Before CIMB Bank Berhad, he served 3 years in the Corporate and Capital Markets Group at Rajah & Tann. Apart from his home base in Singapore, he has also worked in China, the United Kingdom and Indonesia. Mr Choy is also an Independent Director at Hiap Tong Corporation Ltd and Hoe Leong Corporation Ltd.

Ms Goh Poh Kee was appointed to the Board as an Independent Director in December 2018. She is currently the Chairman of the Remuneration Committee. She is a corporate service provider providing business, finance and management consulting services as well as corporate compliance services. Ms Goh has over 30 years of finance, accounting and business management related work experiences with various corporations including listed company, big four accounting firm throughout her career. She holds a Bachelor of Accountancy degree from The National University of Singapore and she is a Fellow Chartered Accountant of Singapore.

Mr Kewee Kho was appointed to the board as Independent Director in July 2021. He is chairman of the nominating committee, and member of the audit and remuneration committees. His work experience over the last 25 years accumulated in the US and Asia-Pacific is multi-roled which include investment banking, private equity, venture capital, investments, corporate and business development, corporate finance, entrepreneur, and business management, covering a broad spectrum of industries. Presently, he is focused on proprietary investments, and corporate and financial advisory.

Mr Kho is currently senior consultant (non-legal) with GGCLaw and director at Nautilus Maritime Pte Ltd. Previously, he was co-founder and executive director of Castell Logistics Pte Ltd; vice-chairman of Roadbull Logistics Pte Ltd; director at SBI Ven Capital Pte Ltd (formerly SoftBank Investments); corporate advisor at JSCL Investments Pte Ltd/Homestay Residences Pte Ltd; managing director at Alpha Advisory Pte Ltd; head of capital markets, investment banking, Hong Leong Bank, Singapore; and vice-president of business development at Kim Eng Securities Pte Ltd. Before returning to Asia, he was in Chicago with Deloitte & Touche LLP.

Mr Kho was previously board member of Lee Metal Group Limited, Courts Asia Limited, and MS Holdings Limited. He is a Fellow of Singapore Institute of Arbitrators and member of Singapore Institute of Directors. He graduated with a Bachelor of Science from Indiana University and post Graduate Certificate in International Arbitration from National University of Singapore, Law.

Key Management
高级管理层

Su Jianli
Deputy Chief Executive Officer (Marketing and Operations)

Mr Su Jianli joined the Group in December 2008. His responsibilities include assisting Mr Chen Kaitong, the Chief Executive Officer in running the daily operations of the Group, with an emphasis on strategic corporate planning and development of the Group's operations, implementation of quality management policies, marketing and sales. Mr Su possesses more than 17 years of experience at the management level in the power and apparel industries. Mr Su served as a Director of the Group from December 2008 to May 2019.

Wang Liyu
Deputy Chief Executive Officer

Ms Wang Liyu joined the Group in year 2010 and is currently holding the position as the Deputy Chief Executive Officer. She is responsible for overseeing the full spectrum of finance matters including employee recruitment, training, relations and welfare for the finance personnel, of the Group's subsidiaries in China. Prior to joining the Group, Ms Wang was an accountant at the Fujian Motor Industry Group Co., Ltd from year 1996 to 2000, and the Financial Controller of Quanzhou Zhongmin Baihui from year 2000 to 2010. Ms Wang holds a Diploma in Finance and Accounting (Immediate level) from Fujian Commercial College.

Hong Yuekui
Deputy Chief Executive Officer

Hong Yuekui joined the Group as the Deputy Chief Executive Officer on 9 January 2023. Under the leadership of Chief Executive Officer, he is put in-charge of the human resource, administration and operation of the Group's subsidiaries in China.

Hong Yuekui graduated with a bachelor's degree from Fujian Fuzhou University fine chemical engineering department in July 1988 and has obtained engineer qualification in 1994. He has more than 30 years of experience in corporate management. He has participated in the executive class of Tsinghua University, the condensed EMBA course of Shanghai Action Education, and the courses of strategic performance management and sales control.

Serine Yeo Ngen Huay
Chief Financial Officer

Ms Serine Yeo joined the Group as the Chief Financial Officer in May 2022. She is responsible for overseeing matters relating to accounting, financial, administration as well as the regulatory compliance and reporting obligations of the Group. In addition to her financial and administrative focus, Ms Yeo is also actively involved in line-of business executive and operations management. Ms Yeo has over 30 years of related work experiences and prior to joining the Group, Ms Yeo held key appointment with various small & medium enterprises, multi-national companies, local and overseas listed companies.

Ms Yeo holds a Bachelor degree in Commerce (major in Accounting & Finance) from The University of Southern Queensland, Australia and possesses diploma in Computer Studies from The National Centre for Information Technology of United Kingdom. She is a Fellow Certified Public Accountant with CPA, Australia. In addition, she is an Accredited Tax Practitioner (Income Tax & Goods & Services Tax) with Singapore Institute of Accredited Tax Professionals.

Andrew Lim Kok-Kin
Director-Investor Relations

Mr Andrew Lim Kok-Kin was appointed to the Board as a Non-Executive Director in January 2012 and re-designated as Executive Director in May 2015. On 29 July 2021, Mr Lim ceased his role as an Executive Director and holds a key appointment, the Director - Investor Relations of the Group. Mr Lim has been a Chartered Financial Analyst ("CFA") charter holder since 1993. He has over 18 years of working experience in the investment industry, which includes serving as a Director at Azure Capital Pte Ltd, Chief Investment Officer at S.E.A. Asset Management Pte Ltd, Senor Fund Manager at Pheim Asset Management (Asia) Pte Ltd and Senior Portfolio Manager at MMG investment (Dubai, UAE). 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).

FASHION
SHOPPING

FASHION

SHOPPING

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 30 June 2023 ("**FY2023**"), with specific reference made to each of the principles of the Code of Corporate Governance 2018 (the "**Code**") issued on 6 August 2018 and accompanying Practice Guidance (updated on 11 January 2023). Deviations from the Code are explained.

STATEMENT OF COMPLIANCE

The Board of the Company confirmed that for the financial year ended 30 June 2023, the Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

Principle 1: The company is headed by an effective Board that is collectively responsible and works with Management for the long-term success of the company.

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**")[1] also provides for telephonic meetings.

The Company was transferred from the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Mainboard of the SGX-ST on 3 September 2013.

The Directors attend and actively participate in Board and Board Committee meetings and, where the Directors hold multiple board representation, the Nominating Committee will consider and ensure that they have sufficient time and attention for the affairs of each company. As a general rule, the maximum number of listed company board appointments shall not exceed five (5) companies unless the Nominating Committee decides otherwise.

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:

	AGM held on 25 November 2022	Board	Board Committees		
			Audit	Nominating	Remuneration
Number of meetings held	**1**	**5**	**5**	**2**	**2**
		Number of meetings attended			
Mr. Lee Swee Keng	1	5	5*	2*	2*
Mr. Chen Kaitong	1	5	5*	2*	2*
Mr. Choy Bing Choong(1)	1	5	5	2	2
Ms. Goh Poh Kee(2)	1	5	5	2	2
Mr. Kho Kewee	1	5	5	2	2

** By Invitation*

(1) Mr. Choy Bing Choong will step down as a Director on 24 November 2023 following the conclusion of the AGM.

(2) Ms. Goh Poh Kee will retire as a Director on 24 November 2023 and not seek re-election at the forthcoming AGM.

[1] Pursuant to the prevailing Companies Act 1967, the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

Corporate Governance Report

企业治理

The Board decides on matters that require the Board's approval and clearly communicates this to the management in writing. 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, half-yearly and full-year results announcements, annual reports 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 the Company's values and standards (including ethical standards, tone-from-the-top and organisational culture), and ensuring that obligations to shareholders and other stakeholders are understood and met;
- consideration of sustainability issues (e.g. environmental and social factors) in the formulation of its strategies;
- establishment and maintaining a sound risk management framework; and
- all matters of strategic importance.

Where there are matters in which the Directors face conflicts of interest, the Directors recuse themselves from discussions and decisions involving the issues of conflict.

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. A summary of each committee's activities is disclosed in this Annual Report.

The Board ensures that any Director with no prior experience as a director of a listed company undergoes training in the roles and responsibilities of a listed company director unless the Nominating Committee is of the view that the Director has other relevant experience. The 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 training to improve themselves in the discharge of their duties as Directors. The Company works closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards. Directors are also encouraged to attend relevant and useful seminars to improve their continuing education and skills.

Corporate Governance Report

企业治理

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 risk management and the key changes in the relevant regulations 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 on the positive role it plays in community engagement and environmental sustainability. The Company strongly encourages its staff to be aware of social issues, and to participate in fundraising initiatives, community projects and activities.

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 will attend Board meetings to address queries from the Directors, if required. The Directors also have unrestricted access to senior members of the 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 1967, 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.

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

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

In FY2023, the Board comprised five (5) members, two (2) of whom hold executive positions and three (3) of whom are Independent Directors.

At the date of this Annual Report, the Board comprises the following members:

Mr. Lee Swee Keng	Executive Chairman
Mr. Chen Kaitong	Executive Director and Chief Executive Officer
Mr. Choy Bing Choong	Lead Independent Director
Ms. Goh Poh Kee	Independent Director
Mr. Kho Kewee	Independent Director

The Company endeavours to maintain a strong and independent element on the Board. The Company recognises the importance and benefits of having an effective and diverse Board with a mix of skills, experience, gender and age, which generates an appropriate level of diversity of thought and background and fosters constructive debate with a high level of independent thinking. The Board considers an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Corporate Governance Report
企业治理

As at the date of this Annual Report, the current Board comprises five members, with three (3) out of five (5) being Independent Directors, who are business leaders and professionals in their respective fields. These Directors are individuals with experience and professional qualifications in the fields of retail, accounting, audit, investments, corporate management and marketing, and have managed big multinational corporations and worked in international firms during their careers. Further, the Board not only has female representation but also Directors of different ages, ranging from 53 years old to 64 years old, to allow for a more diversified contribution to the Board.

In compliance with the prevailing applicable guideline of the Code, the majority of the Board comprises of Independent Directors since the Executive Chairman, Mr. Lee Swee Keng, is not an Independent Director, and the Board is satisfied that there is a strong and independent element in the Board. This is because all the board committee meetings are chaired by Independent Directors, and the majority of the Board is comprised of Non-Executive Directors who have consistently proven to exercise independent business judgement in the best interests of the Company. No changes were made to the Board composition noting the effectiveness of the present Board as explained below.

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 5% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement. There are no other Independent Directors who have served on the Board beyond nine (9) years from the date of his or her first appointment for the purposes of rule 210(5)(iii) (as deleted) and 210(5)(iv) of the Mainboard Rules. 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.

Taking the above into account, the Board is of the view that the Directors, on the whole, have an appropriate balance and mix of skills, knowledge, experience, age, gender and diversity of thought to foster constructive debate with a high level of independent thinking. Hence, the Board believes that its current composition has the appropriate level of balance and mix to enable it to make discussions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

The Board has also 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 an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The Independent Directors, led by the Lead Independent Director when necessary, will have discussions amongst themselves without the presence of the Management and provide feedback to the Board and/or Chairman as appropriate.

The Company recognises and embraces the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company has adopted a formal Board Diversity Policy, setting out the Group's principles for promoting and maintaining diversity in the reviewing the Board composition.

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In this regard, the Nominating Committee adopts a deliberate and targeted board renewal process. It assesses the needs for Board composition in a proactive manner and uses them as an objective criterion when selecting potential candidates. In reviewing the Board composition and succession planning, the Nominating Committee will consider the relevant qualitative and quantitative objectives for promoting and achieving diversity on the Board and review them against the directors' skills, business experiences, ages, genders, nationalities, cultural, educational and professional industry backgrounds, ethnicities, and other relevant personal attributes and distinguishing qualities that the Board requires to function competently and efficiently. The selection of directors will be based on merit and after giving due regard to the benefits of diversity, the overall balance and Board effectiveness.

The Board recognises the importance of gender diversity and ensures the inclusion of potential female candidates, where possible and available, in the selection process. Further, the Group's senior key female management personnels are invited and included at Board meetings. The Nominating Committee continuously monitors the implementation of its Board Diversity Policy to ensure its effectiveness, and constantly endeavours to identify and evaluate suitable candidates to ensure there is diversity on the Board.

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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 the 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 the 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 the Group as well as the overall aspects of the Group. He plays an important role in determining the opening and location of the Group's new stores and formulating its 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, the Company has appointed Mr. Choy Bing Choong, an Independent Director, to be the Lead Independent Director. The Lead Independent Director will provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Independent Directors will be available to the shareholders where they have concerns and for which contact through the normal channels of communication with the Executive Chairman, the Chief Executive Officer, or the Chief Financial Officer are inappropriate or inadequate.

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Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

In FY2023, the members of the Company's Nominating Committee during the financial period under review are Ms. Goh Poh Kee, Mr. Choy Bing Choong and Mr. Kho Kewee. As at the date of this Annual Report, there are three (3) Independent Directors, all of whom, including the Lead Independent Director Mr. Choy Bing Choong, comprise the Nominating Committee. The Nominating Committee meets at least once a year.

The Nominating Committee is responsible for the following:

(a) the review of board succession plans for Directors and key management personnel;

(b) the development, process and criteria for evaluation of the performance of the Board, its board committees and Directors;

(c) the review of training, continuing education and professional development programmes for the Board;

(d) to make recommendations to the Board on all board appointments and re-appointment, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour);

(e) to determine annually whether or not a Director is independent;

(f) 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; and

(g) to assess the performance of the Board and the 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 a Director.

The Nominating Committee will ensure that there is a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties which will ensure that new directors are aware of their duties and obligations. The Nominating Committee determines on an annual basis, and as and when circumstances require, whether or not a Director is independent, for the purposes of the Code. With reference to Principle 2 above, 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/she has multiple board representations and other principal commitments, and is able to and has adequately carried out his/her duties as a Director notwithstanding such commitments. The Nominating Committee is satisfied that sufficient time and attention to the affairs of the Company have 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 Director 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 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 hold more than five (5) directorships in listed companies.

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The Nominating Committee ensures that new directors are aware of their duties and obligations by providing terms of reference and reviewing any prior experience such new director had as a director of a company listed on SGX-ST. If the new director does not have such prior experience, the Company will arrange for the new director to attend relevant training programmes by the Singapore Institution of Directors. Existing directors are encouraged to attend relevant training programmes conducted by the relevant institutions and organisations. The cost of all 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 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.

In assessing potential new directors, the Nominating Committee considers selection criteria including integrity, diversity of competencies, expertise, industry experience and financial literacy. The Nominating Committee seeks potential candidates widely and beyond the recommendations from the Directors and/or the Management and is empowered to engage external parties, such as professional search firms and institutions, to undertake research on or assessment of candidates as it deems necessary.

The Nominating Committee recommended to the Board that Mr. Lee Swee Keng be nominated for re-election at the forthcoming AGM. In making the recommendation, the Nominating Committee has considered the Directors' overall contributions and performance.

In relation to Ms. Goh Poh Kee, she will be retiring as Independent Director at the forthcoming AGM and will not be seeking re-election, and in relation to Mr. Choy Bing Choong, he will be stepping down as Independent Director at the forthcoming AGM.

The Nominating Committee has recommended to the Board that Mr. Yee Chia Hsing and Mr. Zou Qige shall be nominated for appointments to the Board.

Mr. Lee Swee Keng will, upon re-election, remain as Executive Chairman.

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As at the date of this Annual Report, 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 or re-appointment	Directorship in other listed companies	Principal Commitments*
LEE SWEE KENG	64	Executive Chairman	17 September 2004	29 July 2021	NIL	1. Singapore Hokkien Huay Kuan 2. The Hokkien Foundation 3. Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd 4. Ee Hoe Hean Club 5. Yunnan Realty Pte Ltd 6. Lee Bin Hong Pigs Supplier Pte Ltd
CHEN KAITONG	58	Chief Executive Officer and Executive Director	9 December 2008	25 November 2022	NIL	NIL
CHOY BING CHOONG	57	Lead Independent Director	31 December 2019	25 November 2022	1. Hiap Tong Corporation Ltd 2. Natural Cool Holdings Ltd	Natural Cool Holdings Ltd
GOH POH KEE	57	Independent Director	31 December 2018	29 July 2021	NIL	AboveTrust Partners Pte Ltd
KHO KEWEE	53	Independent Director	29 July 2021	29 July 2021	NIL	1. Pillars & Woggs LLP 2. Nautilus Maritime Pte Ltd

* The term "Principal Commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

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Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board committees and individual Directors.

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, including the Chairman, and each Board committee, 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.

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) the 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.

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

In FY2023 and as at the date of this Annual Report, the members of the Company's Remuneration Committee during the financial period under review are Mr. Choy Bing Choong, Ms. Goh Poh Kee and Mr. Kho Kewee. The Remuneration Committee is entirely constituted by Independent Directors, and the Chairman of the Remuneration Committee is Ms. Goh Poh Kee. As Ms. Goh Poh Kee will be retiring at the forthcoming AGM, Mr Kho Kewee will be appointed in replacement of Ms. Goh Poh Kee as the Chairman of Remuneration Committee.

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The Remuneration Committee will review and recommend to the Board a framework of remuneration for the Directors and key management personnel and determine specific remuneration packages for each Director as well as for the key management personnel. The recommendations of the 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, benefits-in-kind shall be covered by the Remuneration Committee to ensure that they are fair. In addition, the Remuneration Committee will perform an annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the 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. The Remuneration Committee shall also review the Company's obligations arising in the event of termination of the employment of Directors and key management personnel to ensure that they are fair. The Remuneration Committee may access expert advice regarding executive compensation matters relating to Directors and key management personnel if required. There was no necessity for the engagement of an external remuneration consultant in FY2023.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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 and that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

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) and Mr. Chen Kaitong (the Chief Executive Officer and Executive Director) commencing from the date of admission of the Company to the Catalist Board. They are valid for an initial period of three (3) years (the "**Initial Term**") each and upon the expiry of the Initial Term, 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.

The remuneration packages for the Executive Directors and key management personnel include a fixed salary and a variable performance-related bonus which is designed to align their interests with those of the shareholders and other stakeholders and promote the long-term success of the Company.

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 or her.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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 maximise 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 following financial period under review by percentage (%) is as follows:

Remuneration Band and Name of Director	Base / Fixed salary	Directors' fees	Variable or performance Bonus	Other Benefits
Above S$250,000 and below S$500,000				
Mr. Lee Swee Keng	73%	–	24%	3%
Below S$250,000				
Mr. Chen Kaitong	92%	–	8%	–
Mr. Choy Bing Choong(1)	–	100%	–	–
Ms. Goh Poh Kee(2)	–	100%	–	–
Mr. Kho Kewee	–	100%	–	–

(1) Mr. Choy Bing Choong will step down as a Director on 24 November 2023 following the conclusion of the AGM.

(2) Ms. Goh Poh Kee will retire as a Director on 24 November 2023 and not seek re-election at the forthcoming AGM.

During the financial year ended on 30 June 2023, there were five (5) management personnel whom the Company considered to be key management personnel (who are not Directors or the Chief Executive Officer). Accordingly, these five (5) key management personnel of the Group during the financial year under review fell within the remuneration band of below S$250,000:

Mr. Su Jianli	90%	–	8%	2%
Ms. Wang Liyu	90%	–	8%	2%
Mr Hong Yuekui	98%	–	–	2%
Ms. Serine Yeo Ngen Huay	79%	–	13%	8%
Mr. Andrew Lim Kok-Kin	76%	–	13%	11%

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In considering the disclosure of remuneration of these five (5) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of each 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 five (5) key management personnel of the Company (who are not Directors or the Chief Executive Officer) for FY2023 is approximately S$581,542.

As the Company operates in a highly competitive industry, the disclosure of the exact details of the remuneration of each individual Director and key management personnel would adversely impact the Company's operations and business due to the sensitive nature of such information. Accordingly, 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.

While the exact remuneration of the Directors cannot be shared, the Company has disclosed, the level and mix remuneration, in percentage terms in bands of S$250,000, of the Directors and CEO into various categories of compensation, namely, fixed salary, Directors' fees, allowance and others and variable or performance related income for FY2023. The Company has also disclosed the level and mix remuneration of the five (5) key management personnel (who are not Directors or the Chief Executive Officer), in percentage terms in a single band of S$250,000 for FY2023. The total remuneration paid to these key management personnel were also disclosed. Taking in consideration of the abovesaid, the Company is of the view that such disclosure provides a balance between detailed disclosure and confidentiality.

Other than a fixed salary component, the Executive Director and Key Management Personnel are given variable performance related bonus which will take into account the profitability of the Company, contributions from the individuals and the scope of responsibilities assigned to those individuals. The total remuneration given to these individuals aims to attract, retain and motivate them so as to achieve sustainability and business growth.

Accordingly, the Company believes that such disclosures and reviews will provide shareholders with an adequate appreciation of the remuneration packages of the Directors and the top five (5) management personnel and is consistent with the intent of Principle 8 of the Code.

The Company currently does not participate in any employee share schemes or any share-based compensation schemes.

No employee who was an immediate family member of a Director was paid more than S$100,000 during FY2023. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

No employee who is a substantial shareholder of the Company was paid more than S$100,000 during FY2023. Pursuant to Division 4 of Part IV of the Companies Act 1967, a person is considered as having substantial shareholding in a company if he has an interest in 5% or more of the voting shares of that company.

ACCOUNTABILITY AND AUDIT

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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 half yearly 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.

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

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.

Accordingly, to facilitate compliance with 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 FY2023 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 and compliance controls.

The Executive Chairman and the Chief Financial Officer have provided assurance that as at the end of FY2023 (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 addressing financial, operational and compliance 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 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

In FY2023 and as at the date of this Annual Report, the members of the Company's Audit Committee during the financial period under review are Mr. Choy Bing Choong, Ms. Goh Poh Kee and Mr. Kho Kewee. The Audit Committee is entirely constituted by Independent Directors who do not have any financial interest in and are not former partners or directors of the Company's Auditor, Foo Kon Tan LLP, and the Chairman of the Audit Committee is Mr. Choy Bing Choong, an Independent Director. At least two (2) members of the Audit Committee, including the Chairman of the Audit Committee, have recent and relevant accounting or related financial management expertise or experience. As Mr. Choy Bing Choong will be stepping down at the conclusion of the AGM, Mr Yee Chia Hsing will be appointed in replacement of Mr Choy Bing Choong as the Chairman of the Audit Committee.

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

(a) review the significant financial reporting issues and judgements of the financial statements and announcements;

(b) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, information technology controls and risk management policies and systems;

(c) review the effectiveness of company's internal audit function;

(d) review with the external auditors and internal auditor their audit plans, evaluation of the system of internal accounting controls, audit reports, management letters and the management's responses;

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(e) review the internal control and procedures, co-operation and assistance given by the management to the external auditors and to discuss problems and concerns, if any;

(f) ensure the internal audit function is adequate and appropriate as well as review the scope and results of the internal audit procedures including the effectiveness of the internal audit function;

(g) ensure that a review of the effectiveness of Company's material internal controls is conducted at least annually by the internal and/or external auditors;

(h) review and ensure the integrity of the financial statements before the submission to the Board for approval;

(i) Commission, review and discuss with external and internal auditors, if necessary, any suspected fraud or irregularity or suspected failure of internal controls, infringement of any relevant laws, rules or regulations;

(j) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors;

(k) review the independence of external auditors and recommendation of their appointment or re-appointment to Board;

(l) approve internal control procedures and arrangements for all Interested Person Transactions;

(m) review the procedures by which employees of the Company may report to the Chairman of the Audit Committee, possible improprieties and ensure there are arrangements in place for independent investigation and follow-up action;

(n) review whistle blowing policy and arrangements by which the staff may raise concerns about possible improprieties and ensure arrangement are in place for the independent investigation;

(o) review and ratify transactions falling within the scope of SGX listing rules in particularly for matters pertaining to Interested Person Transactions, Acquisitions and Realisation as laid down in Chapter 9 and 10;

(p) review and monitor the activities of the Company on a continuing basis for any conflicts of interest;

(q) Undertake such other reviews and projects as may be requested or directed by the Board and report to Board its findings from time-to-time on matters arsing;

(r) undertake generally such other functions and duties as may be required by statute or SGX listing rules, or by such amendments made thereto from time-to-time; and

(s) review the assurance from the executive officers, including the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements.

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 the 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.

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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 judgement, to discharge the Audit Committee's functions.

The Audit Committee met five (5) times during the year under review. Details of members' attendance at the meetings are set out under Principle 1. The Chief Financial Officer, Company Secretary, internal auditors and external auditors (as appropriate) are invited to these meetings. Other senior members of the Management are also invited to attend as appropriate to present reports.

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

The aggregate amount of fees paid to the external auditors have been reviewed by the Audit Committee, such that the Audit Committee is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The fees paid to the external auditors are presented in this Annual Report under "Auditor and Audit Fees" and "Non-Audit Fees" headings in respect of Principle 13.

The Audit Committee met on a quarterly basis and reviewed the half-year 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, judgement and estimate applied by the Management that might affect the integrity of the financial statements and considered the clarity of key disclosures in the financial statements. The Audit Committee reviewed, amongst other matters, the following significant matters identified by the external auditors for FY2023.

Key audit matters	**How the issues were addressed by the Audit Committee**
Cash and bank balances	The Audit Committee reviewed and discussed with the Management and the external auditors the key internal and financial controls in this area, in particular the cash and bank reconciliations, cash counting and handling procedures, authorisation and segregation of duties, as well as security and surveillance measures. No significant issue came to the attention of the Audit Committee in the course of its review.
Gold inventories	The Audit Committee reviewed and discussed with the Management and the external auditors the key internal and financial controls in this area, in particular period and random stock-taking procedures, inventory reconciliations, security and surveillance measures, inventory level control, as well as the cost recognition at not realisable value against market price. No significant issue came to the attention of the Audit Committee in the course of its review.
Impairment assessment of non-current assets	The Audit Committee reviewed and discussed with the Management and the external auditors the approach and methodology being used in this area, in particular the cash flows projections, growth rate and discount rate. No significant issue came to the attention of the Audit Committee in the course of its review.

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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 are publicly disclosed and 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.

Internal Audit Function

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. The Company has outsourced its internal audit function to BDO LLP, an established international auditing firm. BDO LLP conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal Auditors. The BDO LLP Engagement Partner, Willy Leow, has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. As Head of Risk Advisory Services in BDO Singapore, Mr. Leow manages a portfolio of outsourced internal audits of several listed companies and other organisations such as government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience. The Audit Committee is hence satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals based on the internal audits conducted for FY2023.

The internal auditors conduct their work in accordance with the BDO Global Internal Audit methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing adopted by the Institute of Internal Auditors as a reference and guide when performing their reviews.

These audit professionals primarily 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 of 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.

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 reviews at least annually, the adequacy and effectiveness of the internal auditors and is satisfied that the internal auditors are staffed by qualified and experienced personnel.

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Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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. In particular, Relevant Intermediaries, as defined under the Companies Act 1967, may appoint more than two (2) proxies.

In line with the continuing disclosure obligations of the Company under the Listing Manual, shareholders are informed of all major developments of the Company. The information is presented to shareholders on a timely basis through SGXNet and/or the press. In presenting the annual financial statements, half-year 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.

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) half-year and full-year results announcements which are published on the SGXNet and in news releases;

(2) the Group'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.

AGMs are the main forum for communication with shareholders. Notice of AGM, Proxy form and Request form are sent to all shareholders. Printed copies of the Annual Report and Circular for FY2023 will be sent to shareholders upon request. Instead, the Annual Report and Circular for FY2023 have been made available on the Company's website at www.zhongminbaihui.com.sg/annual-report.asp and the SGXNet. 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.

Where there are substantial or relevant comments or queries by the shareholders relating to the agenda of the general meeting, the queries or comments of the shareholders and the response from the Directors and Management are recorded in the minutes of the general meetings. The minutes have been made available to shareholders on the Company's corporate website from FY2019 onwards.

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Shareholders are given the opportunity to vote at general meetings. Previously, the voting for FY2020 annual general meeting was done by way of proxy and all shareholders who wish to vote on any or all of the resolutions at the annual general meeting for FY2020 must appoint the Chairman of the Meeting as their proxy to do so on their behalf pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Board has reverted to the holding of a physical annual general meeting since FY2022 AGM due to Singapore's further easing of the Covid-19 control orders and to enhance engagement with the shareholders of the Company.

The Constitution of the Company allows absentia voting by proxy at general meetings.

Resolutions are as far as possible, structured separately and may be voted upon independently. In line with 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 executive officer with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. The investor relations team generally communicates with shareholders and analysts via email, telephone and face-to-face conference. Communication of relevant announcements of the Group is generally made through annual reports, press releases, SGXNet announcements and its corporate website.

The Group currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders.

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.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has its materiality assessment process to identify its key stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its key stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its key stakeholders. For more information on the Company's identification and engagement with its key stakeholders and the Company's strategy and key areas of focus in relation to the management of stakeholder relationships in FY2023, please refer to the Company's Sustainability Report which was published on SGXNet on 9 November 2023.

The Company maintains a corporate website to communicate and engage with its key stakeholders.

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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. The Company had pursuant to the share buyback mandate given by the shareholders at the Annual General Meeting on 25 November 2022, made a purchase of (i) 20,000 shares of the Company at S$0.6425 by way of market purchase on 13 July 2023, (ii) a purchase of 17,000 shares of the Company at S$0.65 by way of market purchase on 20 July 2023, (iii) a purchase of 27,000 shares of the Company at $0.70 by way of market purchase on 5 September 2023 and (iv) a purchase of 20,000 shares of the Company at $0.685 by way of market purchase on 19 September 2023. The total number of shares acquired by the Company was insignificant and there were no material changes of the Company's share price before and after the purchase. The Company has reviewed and updated its policies on dealings in securities that Directors and officers are not allowed to deal in the Company's shares one (1) month before the announcement of the Company's half-year and 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 2001 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 amount of audit fees charged by Foo Kon Tan LLP in FY2023 was S$318,000. The Group confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms.

NON-AUDIT FEES

Non-audit fees of S$25,000 was paid to the Group's Auditor, Foo Kon Tan LLP for FY2023. 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 FY2023 or still subsisting as at 30 June 2023 which involved the interests of the Chief Executive Officer, any of the Directors or controlling shareholders of the Company.

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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 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
Concessionaire income from Quangang store charged to a related party: Fujian Hancai Garments Co Ltd.	RMB 1,341,567	–
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	RMB 4,924,528	–
Revenue from usage of sold prepaid cards to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	RMB 1,432,129	–
Purchase made from a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	RMB 1,298,942	–

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 on an arm's length basis.

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

ZHONGMIN BAIHUI RETAIL GROUP LTD.

SUSTAINABILITY REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Sustainability Report

可持续发展报告

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可持续发展报告

1. Highlights

1.1 Corporate profile

Incorporated in Singapore in 2004, Zhongmin Baihui Retail Group Ltd. (“**ZMBH**” or the “**Company**”), together with its subsidiaries, (the “**Group”**) is engaged in the ownership, operation and management of department stores and supermarkets in Fujian Province, People’s Republic of China (“**PRC**”), and in the management and operation of outlet malls in other provinces in the PRC. The department stores and supermarkets in Fujian Province are operated under the reputable brand “中闽百汇”. The first modern “中闽百汇” store was opened in Anxi County, Quanzhou City, Fujian Province in 1997.

The Group has 14 self-owned stores and three managed stores, spanning an aggregate gross floor area (“GFA”) of about 180,000 sqm. Four self-owned stores are primarily supermarkets, with GFA ranging from 1,000 sqm to 4,000 sqm, while the rest are large integrated stores, with GFA ranging from 6,000 sqm to 28,000 sqm. Many of the larger stores also offer food and beverage options and other essential services to enhance our customers’ shopping experience.

The Group recognises the attractiveness of mega malls in China and has embarked on strategic plan to be involved in this business segment. The Group currently manages two outlet malls with a total GFA of about 600,000 sqm. The Group’s Yueshang Outlets in Wuxi City, Jiangsu Province, was opened in September 2022 while the Group’s maiden outlet mall, Changsha Sasseur (ZMBH) Outlets, opened in December 2018.

The Group’s mission is to offer a quality shopping experience with a wide variety of quality merchandise, lifestyle products and customer-oriented services catering to middle-income consumers. The Group focuses on optimising its product mix to bring more value to its customers by developing strong relationships with well-known international and domestic brands. The Group also adheres to our business principle of **Unity, Dedication, Faithfulness and Services (团结，敬业，忠诚，服务)** to our stakeholders.

Through our strong commitment to the Group’s mission, the Group was named one of the top 10 brand enterprises in Quanzhou in 2015 and the trendiest business enterprise in Xiamen in 2017 as a testament to the high quality of service and customer satisfaction that the Group provides.

ZMBH is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (**SGX-ST**) under the stock code 5SR.

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1.2 Message to stakeholders

ZMBH has been committed to creating a high-quality shopping experience for its customers.

ZMBH remains steadfast in its dedication to sustainable development, actively striving to conduct business in a responsible manner. Our commitment to enhancing sustainability achievements and collaborating with partners to create a green ecosphere and harmonious living environment remains unwavering. During this reporting period, we initiated constructive dialogues and reestablished stakeholder engagement to foster meaningful relationships.

In response to the constantly evolving business landscape, we embarked on a comprehensive reassessment of our environmental, social, and governance (**ESG**) factors. Our thorough evaluation considered several critical aspects, including the impact of supply chain disruptions due to post-COVID development, the complexities arising from geopolitical tensions, the potential consequences of natural disasters, and the implications of the latest regulatory frameworks. This all-encompassing approach ensures that our sustainability strategy remains adaptable and resilient, addressing the most pertinent challenges and opportunities in today's dynamic world. The identified material ESG factors, namely **Business Resiliency, Green Operations, Product Safety and Quality, and Employee Development and Welfare**, serve as the cornerstones of our sustainability strategy. This report provides a concise summary of the Group's ESG performance for the period from 1 July 2022 to 30 June 2023.

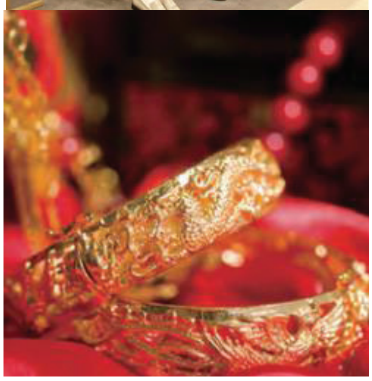
Furthermore, we are excited to announce that our commitment to transparency and climate action extends further. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**), we are actively working to issue a comprehensive climate report in the upcoming financial year. This report will further highlight our efforts to address climate-related risks and opportunities, demonstrating our dedication to proactive climate action.

Lastly, we affirm that sustainability issues hold a prominent place in our strategic formulation. The Board has been actively involved in determining the material ESG factors and has effectively overseen their management and monitoring. Our pursuit of sustainability remains at the heart of our corporate values, guiding us towards a more sustainable and responsible future.

On behalf of the Board of Directors

Mr Chen Kaitong
Chief Executive Officer
7 November 2023



1.3 Scope of sustainability report

This report presents a comprehensive view of the Company's sustainable practices, covering stores operated by its wholly-owned subsidiaries, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd, Zhongmin Baihui (Fujian) Shopping Centre, Co., Ltd, Zhangzhou Zhongmin Baihui Supermarket Co., Ltd, Zhangzhou Zhongmin Baihui Business Service Co., Ltd and Zhongmin Baihui (China) Retail Group Co., Ltd. The scope of the report encompasses the business activities conducted within the operating store areas directly managed by the Group, excluding any store areas that are leased. To access information regarding the organizational reporting boundaries, kindly refer to **Appendix A**.

The information provided focuses on the material sustainability aspects of ZMBH during the period from 1 July 2022 to 30 June 2023, unless specified otherwise. We believe that the report should sufficiently address stakeholders' concerns about sustainability issues arising from the Group's major business operations.

1.4 Reporting framework

This report is prepared with reference to the Global Reporting Initiative (**GRI**) Standards as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual. In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders. Please refer to **Appendix C** for the GRI content index.

1.5 Independent verification

We have engaged our internal auditors to perform an internal review of our sustainability reporting process. We have not sought external assurance on this report but will consider doing so as our reporting matures over time.

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1.6 Restatements

We upgraded the emission factors used to compute the carbon dioxide equivalent (**CO_2e**) for the following metrics:

S/N	Description	FY2022	FY2023	Remark
1	Electricity grid carbon emission factor	0.622 tCO_2e/MWh	0.804 tCO_2e/MWh	We have improved our emission calculations by upgrading the emission factor, utilising official data from the Ministry of Ecology and Environment of the People's Republic of China. The emission factor used is specifically relevant to the southern China region, where the majority of our stores are located.
2	Fuel (petrol) carbon emission factor	0.00231 tCO_2e/ℓ	0.00235 tCO_2e/ℓ	We have improved our emission calculations by upgrading the emission factor, utilising the latest data from the Department for Energy Security and Net Zero of the United Kingdom, Greenhouse gas reporting: conversion factors 2023

Consequently, we have conducted retrospective revisions to the reported metrics for FY2022 and the target we set for FY2023. This revision ensures the accuracy and reliability of the reported data, reflecting the most up-to-date information and aligning with the improved emission factor used in our calculations.

1.7 Sustainability contact

We welcome your views and feedback on our sustainability practices and reporting at enquiry@zhongminbaihui.com.sg.

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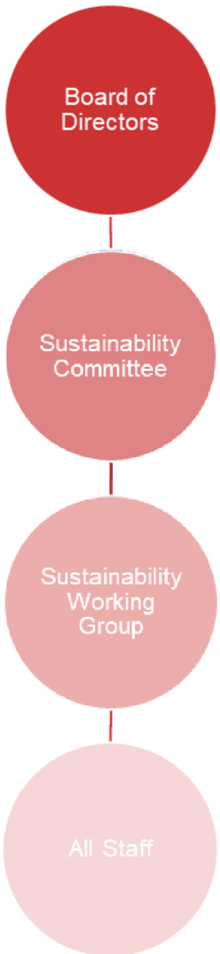
2. Our approach to sustainability

2.1 Sustainability organisational structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:



The Board of Directors formulates related sustainability strategies and guidelines, and monitors the sustainability progress of the Group.

Our CEO, Mr Chen Kaitong, chairs the Sustainability Committee and is supported by a dedicated team consisting of

- Mr Hong Yuekui (Deputy Chief Executive Officer)
- Mr Andrew Lim Kok-Kin (Director, Investor Relations), and
- Ms Serine Yeo Ngen Huay (Chief Financial Officer).

The CEO reports on the Group's sustainability progress, issues and stakeholder feedback to the Board.

The Sustainability Working Group supports the Sustainability Committee to implement strategies, monitor and measure performance, and helps organise and coordinate the Corporate Social Responsibility (CSR) work of all departments and subsidiaries.

It includes representatives from Human Resources, Marketing, Quality Control, Store Management and the respective heads of operating subsidiaries.

Related personnel from various departments are responsible for the organisation and implementation of CSR works.

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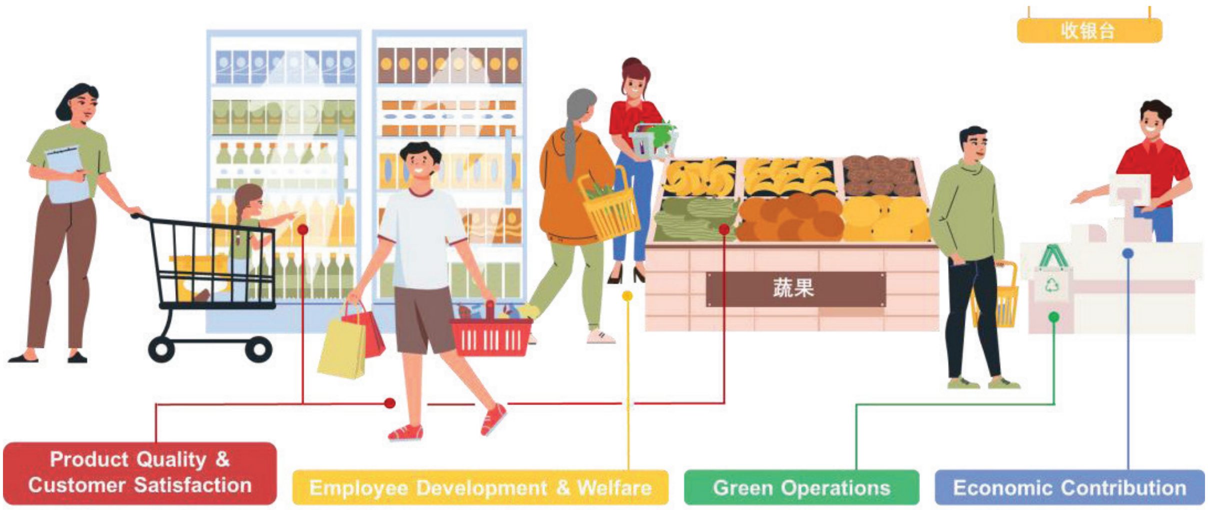
2.2 Sustainability strategy

Our sustainability strategy aims to create integrated values. Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to delivering value to all our stakeholders through the following:



The sustainable strategy is underpinned by our comprehensive internal policies on the following:

- Goods Acceptance Management (收货管理) and Goods Inspection Management (货物检验管理), which cover aspects of the assessment and evaluation of suppliers, inspection of incoming goods received, in-store testing on the food quality and safety and handling of goods in the stores.
- Customers' Feedback and Complaint Management (客户反馈及投诉管理), which covers aspects of the handling of customers' feedback and complaints including receiving, recording, monitoring and resolving the customers' feedback and complaints.
- Human Resources Management (人事管理), which covers aspects of the employee handbook, department-specific performance evaluations, rewards and penalties.

The strategy is also guided by external sources, including the Global Reporting Initiative Standards and Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Listing Rules.

2.3 Consulting our stakeholders

We recognise the need to continuously develop our responsible business approach to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and ZMBH.

The aspect boundaries 'within' the organisation are limited to ZMBH and our subsidiaries, whereas the aspect boundaries 'outside' the organisation include employees, customers, suppliers, shareholders and investors and regulatory authorities.

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An overview of our approach and rationale is set out below together with the feedback we have received.

Stakeholders	How we listen	Why do we do it	What you've told us
Employees	• Performance appraisal • Employee training and development • Feedback to supervisor	• Improve employee's well-being by managing health and safety • Improve employee capabilities through internal and external training	• Employee safety and health • Training and development opportunities • Remunerations and welfares • Fair and competitive employment practices
Customers	• Quality management system • Customer feedback channels	• Ensure customer satisfaction is upheld • Ensure service standard	• Optimising customer service • Ensuring product quality and safety • Timely response to customer complaints • Data privacy and confidentiality
Suppliers	• Periodical meetings • Periodic evaluations of suppliers' performance	• Ensure products supplied are of acceptable quality • The safety of products is upheld	• Ability to meet Company's product quality standards • Ability to meet Company's product safety standard • Fair and robust procurement system • Prompt payment cycles
Shareholders and investors	• SGX Announcements • Shareholder meetings • Annual reports • Company's website • Regular updates and communication	• Committed to delivering economic value to our capital providers through strong financial performance and our methods of engagement with them.	• Long-term profitability • Sustainability matters • Group's performance against targets • Compliance with all relevant requirements • Business continuity • Timely and transparent reporting
Regulatory authorities	• Timely and transparent reporting • Correspondences through emails and letters	• Adhere to environmental regulations • Active participation in events to increase visibility and transparency	• Compliance with relevant laws and regulations • Safe working environment • Environmentally sustainable business practices

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2.4 Sustainability materiality

We are committed to transparency and accountability in our sustainability efforts. Central to this commitment is our Materiality Assessment Process, which helps us identify, prioritize, validate, and review the key sustainability issues that matter most to our stakeholders and our business.

(a) Identification

Our process involves a comprehensive analysis of various data sources, including but not limited to financial performance, environmental impacts, and social initiatives. These data sources are integrated with the insights gained from stakeholder engagement sessions. This combined effort allows us to identify material issues that both affect our business and are influenced by our business activities.

(b) Prioritisation

To systematically prioritize material issues, we utilize a structured approach. Each issue is assigned specific weights based on its significance to our stakeholders and its potential impact on our business operations. This systematic evaluation leads to the creation of a Materiality Matrix, providing a visual representation of the relative importance of each issue.

(c) Validation

Our materiality assessment is conducted in alignment with globally recognized sustainability reporting standards, such as GRI standards. This rigorous alignment ensures that our reporting adheres to the highest industry standards, guaranteeing transparency and reliability in our sustainability disclosures.

(d) Review

Our commitment to staying current and responsive involves biannual reviews of our materiality assessment. These reviews are essential for accommodating changing stakeholder expectations, adapting to evolving business conditions, and addressing emerging sustainability challenges.

Our sustainability materiality matrix containing material aspects that are aligned with our principal business and operational risks and formed our sustainability strategy which has shaped our approach to sustainability reporting, as illustrated in the diagram next page.

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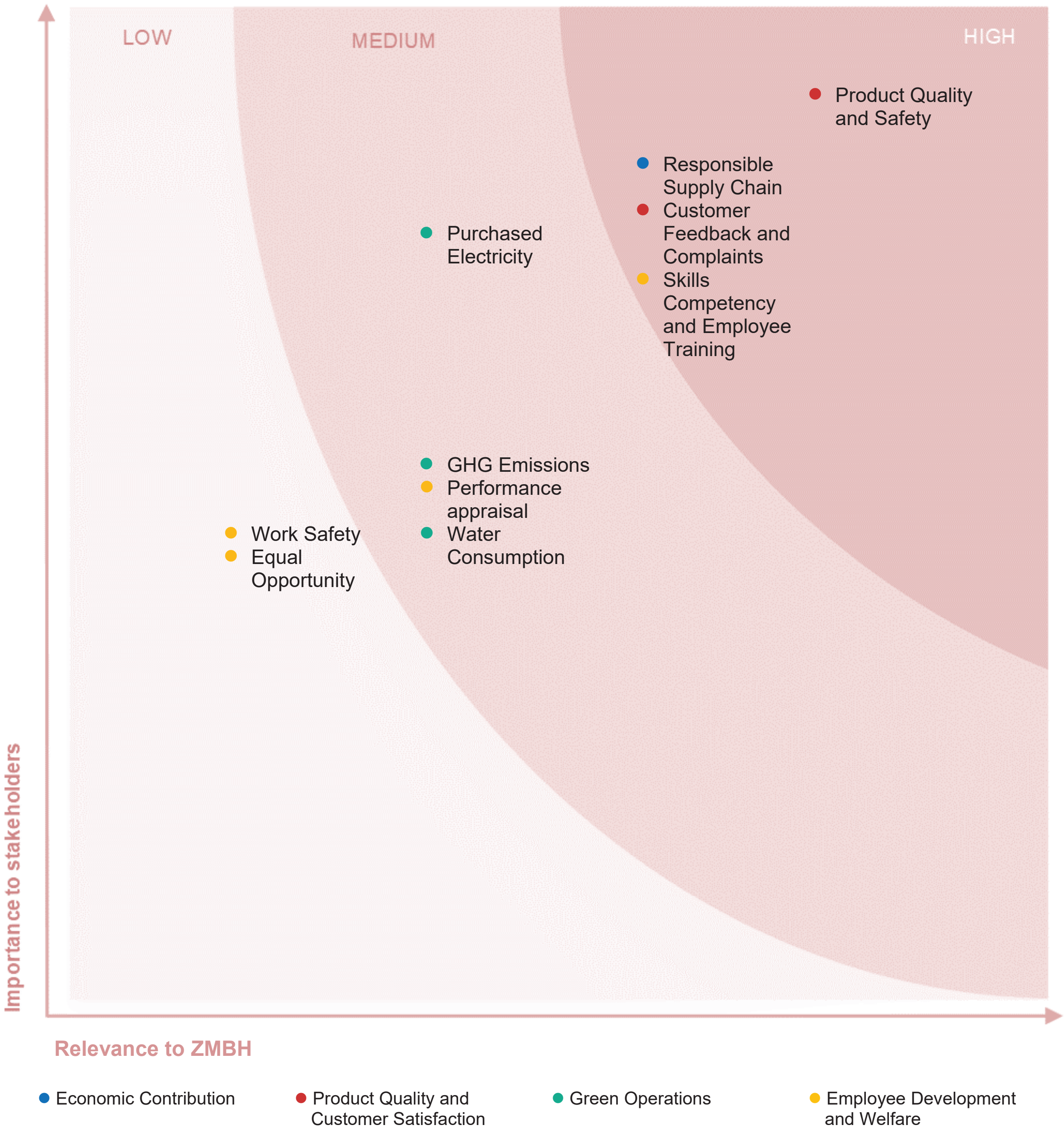

Through this process, we demonstrate our dedication to sustainable practices and the principles of transparency and accountability.

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3. Our performance

3.1 How we measure our performance

Our sustainability strategy is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers. Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

Metrics and targets

We have established reporting metrics for each of the four focus areas outlined in our sustainability strategy to help us measure our progress, as indicated in our sustainability scorecard in **Appendix B**. We will review and adjust the reporting metrics each year, as the external and business context changes.

To ensure we have a robust sustainability programme in place, we have included the key targets for each area of our sustainability strategy. We track and review our key targets with the Board of Directors at least once a year. The progress we have made against each key target is indicated using the symbols shown in the table below.

N New commitment	Not started	In progress	Complete	Ongoing commitment	Target revised

Periodically, we plan to introduce new reporting metrics and update the key targets to ensure alignment with our strategy. Please refer to **Appendix D** for the methodologies and data boundaries of these reporting metrics.

3.2 Update on our commitment to climate reporting

We are actively engaged in prioritising our efforts towards achieving TCFD compliance, recognising the significance of integrating climate-related risks and opportunities into our financial reporting. Through dedicated initiatives, comprehensive assessments, and stakeholder engagement, we are proactively working to align our business strategies with the TCFD recommendations. We have planned a series of training sessions relevant to TCFD for our management team in the second half of 2023, aimed at better equipping them with the knowledge and skills to effectively navigate climate-related financial disclosures. These training sessions will cover essential aspects of the TCFD framework, such as assessing climate-related risks and opportunities, integrating climate considerations into decision-making processes, and enhancing disclosure practices in alignment with TCFD recommendations.

With a clear commitment to enhancing transparency and resilience in the face of climate change impacts, we eagerly anticipate successfully adopting the TCFD framework in the upcoming financial year, reinforcing our position as a responsible and sustainable corporate entity.

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3.3 Commitments to United Nations Sustainable Development Goals (**UNSDGs**)

To ensure we have a robust sustainability programme in place, we have included the key commitments for each area of our sustainability strategy, guided by UNSDGs. The progress we have made against each key commitment is indicated using the symbols shown in the table below. We track and review our sustainability programme with the Board of Directors at least once a year. As a global citizen, ZMBH supports UNSDGs through the following commitments:

Goals	How we support
3 GOOD HEALTH AND WELL-BEING	ZMBH is dedicated to making significant contributions to SDG's "**Good Health and Well-Being**" through a wide range of impactful initiatives and practices. First and foremost, the company places utmost importance on producing safe and high-quality products for its customers. By ensuring product safety and reliability, ZMBH actively prevents potential health risks and fosters consumer trust in its offerings. Additionally, ZMBH prioritises a comprehensive work safety guideline, fostering a culture of safety and accountability among its employees. The company encourages and empowers workers to promptly report any potential hazards or unsafe conditions, leading to swift remediation and preventive actions. By maintaining an environment of open communication and safety consciousness, ZMBH ensures that all employees actively contribute to upholding a safe working environment. For our commitment, please refer to "**Product Quality and Safety**" and "**Work Safety**"
5 GENDER EQUALITY	ZMBH actively contributes to SDG's "**Gender Equality**" through various initiatives that promote equal opportunities and empowerment for women within the organization and the broader community. Within the company, ZMBH is committed to ensuring a workplace that fosters gender equality and diversity. By fostering a supportive and inclusive work environment, ZMBH promotes the participation and leadership of women in various roles, including managerial and executive positions. For our commitment, please refer to "**Equal opportunity**".
8 DECENT WORK AND ECONOMIC GROWTH	ZMBH actively contributes to SDG's "**Decent Work and Economic Growth**" through its fast expansion of stores, which plays a crucial role in supporting the local economy. As the company expands its retail presence, it creates numerous job opportunities in the communities where it operates. These new employment opportunities not only contribute to reducing unemployment rates but also support the growth of local businesses and economies. For our commitment, please refer to "**Economic Contribution**".
13 CLIMATE ACTION	ZMBH actively contributes to SDG's "**Climate Action**" through its efforts to reduce energy and water usage in its stores. As part of its commitment to sustainability, the company has implemented comprehensive initiatives to minimize its environmental footprint and mitigate climate change impacts. For our commitment, please refer to "**Environmental Sustainability**".

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3.4 Economic Contribution

Overview

The Group's unwavering commitment lies in expanding its business and enhancing its brand by providing a quality shopping experience, offering a diverse range of high-quality merchandise and lifestyle products, and delivering customer-oriented services tailored to middle-income consumers.

While pursuing business expansion and attracting new customers, the Group places paramount importance on customer satisfaction. To achieve this, the Group diligently collects and considers all customer feedback while making crucial decisions. By attentively listening to the needs and preferences of its local customer base, the Group ensures that its offerings align with customer expectations and preferences. This customer-centric approach underpins the Group's quest for sustainable growth and reinforces its commitment to delivering an exceptional shopping experience to its valued clientele.

FY2023 Performance

RMB968m
Total Revenue

189,083sqm
GFA for Stores in Operation[2]

Expansion of the Network of Stores

The Group has 14 self-owned stores and three managed stores, spanning an aggregate GFA of about 180,000 sqm. Four self-owned stores are primarily supermarkets, with GFA ranging from 1,000 sqm to 4,000 sqm, while the rest are large integrated stores, with GFA ranging from 6,000 sqm to 28,000 sqm. Many of the larger stores also offer food and beverage options and other essential services to enhance our customers' shopping experience.

In this reporting period, the Group is pleased to announce the grand opening of our new managed store – Wuxi Yueshang Outlets on 9 September 2022. Wuxi Yueshang Outlets is a colossal outlet mall situated at the bustling intersection of Huishan Avenue and Beihuan Road in Huishan District, Wuxi City, Jiangsu Province. Boasting an impressive gross floor area of 400,000 sqm and a built-up area of 500,000 sqm, it provides ample space for over 600 local and international brands, ensuring a diverse and exciting shopping experience for visitors.

Furthermore, Wuxi Yueshang Outlets has accomplished a remarkable achievement, recording an impressive RMB 519 million in gross retail sales during the first three months of operation from September to November 2022. This remarkable figure not only demonstrates the mall's popularity and appeal but also reflects the successful integration of both local and international brands to cater to the diverse tastes of shoppers.

The Group will continue to expand its network of physical stores to provide a quality shopping experience to new customers.

1 The number of physical stores in operation only consists of the stores self-owned by ZMBH, which excludes the managed stores.
2 The GFA for stores in operation only consists of the floor areas of stores self-owned by ZMBH excluding floor areas rented to other stores and floor areas of managed stores.

Responsible Supply Chain

Supply chain management is of paramount importance to businesses in the retail industries, and the Group recognizes its significance. To ensure a robust and reliable supply chain, the Group has implemented stringent supplier evaluation procedures. Before engaging in any commercial transactions, suppliers undergo a comprehensive assessment that encompasses various aspects, including their background, product quality, pricing, service standards, and delivery efficiency. By conducting thorough evaluations, the Group can forge partnerships with suppliers who meet their high standards and share their commitment to excellence.

Emphasising the value and importance of local suppliers, the Group actively seeks to support the local economy and reduce the carbon emissions associated with transportation. Prioritising local suppliers not only strengthens regional businesses but also fosters a sense of community engagement. Additionally, sourcing products locally can lead to reduced transportation costs and emissions, contributing to the Group's sustainability initiatives.

Furthermore, the Group understands the significance of diversifying its supply chain. By continuously seeking and collaborating with a wide range of suppliers, the Group mitigates the risks associated with supply disruptions. This diversification strategy enables them to adapt swiftly to changing market conditions, unforeseen challenges, and global uncertainties while maintaining a consistent supply of high-quality products for their customers.

Anti-corruption and whistleblowing

We maintain a zero-tolerance stance on corruption, supported by robust formal anti-corruption and whistleblowing policies. These policies exemplify our dedication to ethical conduct, legal compliance, and safeguarding whistleblowers. They are foundational to our commitment to transparency, accountability, and a corruption-free operational environment. While we encourage whistleblowers to disclose their identities, we prioritize their confidentiality. The Audit Committee, in collaboration with external consultants, will develop a response plan and conduct investigations based on collected information. In FY2023, our Group reported zero confirmed cases of corruption.

Key performance indicators: Economic Contribution

S/N	Description	FY2022	Annualised FY2022 Performance	FY2023	Units
1	Total Revenue	1,610	1,073	968	RMB million
2	Number of Physical Stores in Operation[3]	16	16	17	Number
3	Total GFA for Stores in Operation[4]	157,371	157,371	189,083	sqm
4	Confirmed incidents of corruption	0	0	0	Number

3 The number of physical stores in operation is based on the number of stores during the beginning of the financial year and only consists of the stores self-owned by ZMBH, which excludes the managed stores.

4 The GFA for stores in operation only consist of the floor areas of stores self-owned by ZMBH excluding floor areas rented to other stores and floor areas of managed stores.

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3.5 Product Quality and Customer Satisfaction

Overview

At the core of our mission is the commitment to providing our customers with a superior shopping experience. To achieve this, we have implemented rigorous quality controls throughout our operations. Every product undergoes meticulous and frequent checks to meet our high standards and fulfil our customers' expectations. We understand that listening to our customers is crucial, which is why we emphasise gathering and acting upon their feedback. By valuing their input, we continuously improve our services and offerings, ensuring that each shopping journey is seamless, enjoyable, and tailored to our customer's needs and preferences.

Product Quality and Safety

The Group places paramount importance on product quality and has implemented robust measures to ensure its high standards are met. We have developed comprehensive Goods Acceptance Management and Goods Inspection Management systems to guarantee that merchandise in our stores aligns with both our and our customers' quality expectations. Our store employees conduct thorough inspections during the goods acceptance process, while incoming goods from pre-qualified suppliers undergo 100% inspection.

To uphold the quality of perishable goods like fruits, vegetables, meats, eggs, and marine products, we conduct daily freshness and expiration tests. These tests include the detection of pesticide residue in fruits and vegetables and chloramphenicol in aquatic products, ensuring the utmost safety for our customers.

In cases where products consistently fail our inspections or attract frequent customer complaints, we have stringent protocols in place. Such items may be blacklisted from our offerings, demonstrating our unwavering commitment to delivering superior products to our customers.

It is encouraging to note that, compared to FY2022, our inspection passing rate has shown strong improvement, emphasizing on the on-going quality of our products. Additionally, the Group is proud to report that we have remained fully compliant with relevant consumer and food safety laws and regulations in the country we operate, further underscoring our dedication to responsible and ethical practices.

As part of our ongoing strategy, we will continue to prioritise product quality, customer safety, and compliance with relevant laws and regulations, solidifying our position as a trusted and responsible retailer.

FY2023 Performance

99.99%
Product Quality Inspection Passing Rate

99.95%
Product Net Weight Inspection Passing Rate

99.99%
Farm Chemical Inspection Passing Rate

100.00%
Chloramphenicol Inspection Passing Rate

99.60%
Customer Satisfaction Rate

275
Number of Customer Complaints

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Customer Feedback and Complaints

At the heart of our commitment to excellence is providing our customers with a top-quality shopping experience. To ensure we continually achieve this objective, we have established comprehensive Customer Feedback and Complaint Management Policies that govern the handling of customer feedback and complaints.

In our Group, we take every piece of feedback and complaint seriously, and we hold our employees to the same standard. On-site processing of customer complaints is a priority for us. Whenever customers provide feedback or raise complaints regarding our merchandise, services, or return policies, our dedicated employees address these issues immediately on-site. This approach is essential to maintaining a consistently high customer satisfaction rate, which is paramount to us.

To gain valuable insights into our customers' experiences, we conduct a customer satisfaction and feedback survey with a comprehensive questionnaire every quarter. The results of the survey are meticulously analysed and thoroughly investigated, allowing us to identify areas for improvement. We facilitate cross-departmental discussions to address the identified issues for continuous monitoring and enhancement of our services.

We are pleased to report a significant reduction in customer complaints, from 317 cases in FY2022 to 275 cases in FY2023. Our customer satisfaction rate has remained consistently high, staying at 99.60%, almost identical to the exceptional 99.62% achieved in the previous period. We will continue striving to provide exceptional service and ensure our customers' needs are met with utmost care and satisfaction.

Key performance indicators: Product Quality and Customer Satisfaction

S/N	Description	FY2022	Annualised FY2022 Performance	Target for FY2022	FY2023	Target for FY2023	Progress toward FY2023 Target	Units	Target for FY2024
1	Product Quality Inspection Passing Rate	99.99	99.99	99.5	99.99	100		%	≥ 99.5
2	Product Net Weight Inspection Passing Rate	99.90	99.90	99.5	99.95	100		%	≥ 99.5
3	Farm Chemical Inspection Passing Rate	99.98	99.98	99.5	99.99	100		%	≥ 99.5
4	Chloramphenicol Inspection Passing Rate	100.00	100.00	99.5	100.00	100		%	≥ 99.5
5	Customer Satisfactory Rate	99.62	99.62	99.5	99.60	100		%	≥ 99.5
6	Customer Complaints	475	317	No target set	275	<280		Number	≤ 500

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3.6 Green Operation

Overview

At the Group, we deeply understand that environmental protection is the cornerstone of sustainability. As a responsible entity, we are committed to reducing the environmental impact of our operations and promoting sustainable practices throughout our stores. To achieve this, we have implemented a series of initiatives aimed at minimising our ecological footprint.

Managing greenhouse gas emissions

At the Group, we take our responsibility to manage our impact on climate change seriously. We remain fully committed to taking positive action and reducing carbon emissions in our operations efficiently and responsibly for the benefit of society.

To accurately determine our carbon emissions, we conduct regular monitoring and review of our energy usage data from operations and calculate our total annual carbon emissions. Our reporting follows the Greenhouse Gas Protocol, the standard manual established by the World Resources Institute and the World Business Council for Sustainable Development for measuring corporate greenhouse gas emissions.

In our ongoing efforts to be transparent and comprehensive, we have expanded our carbon emissions reporting to include Scope 1 emissions from direct sources like mobile combustion. While the majority of our emissions arise from electricity consumption, accounting for 99.88% of our total carbon emissions, the remaining 0.12% is contributed by fossil fuels such as petrol used in our business and operational commute.

During the reporting period, we achieved a total carbon emissions intensity of 147 kgCO_2e/sqm, which represents a commendable 19% reduction compared to FY2022 annualised total carbon emissions. This progress is attributed to the implementation of various electricity-saving initiatives.

Our unwavering commitment to enhancing eco-efficiency within our building operations serves as the cornerstone of our efforts. We will persistently explore pioneering solutions to further diminish our ecological footprint, all the while upholding the exceptional standard of service that we consistently offer to our esteemed customers.

Purchased electricity

At the Group, we recognise the significance of reducing our electricity consumption to mitigate our environmental impact. Our electricity usage primarily stems from regular store operations, including elevator usage, central air-conditioning systems, and refrigerators to maintain product freshness.

In the reporting period, we successfully achieved a noteworthy 19% reduction in our electricity consumption, with a total electricity consumption intensity of 183 kWh/sqm. This accomplishment surpasses our FY2023 target and we are proud to have met our goal.

FY2023 Performance

147 **kgCO_2e**
Carbon footprint intensity per sqm

183 **kWh**
Electrical consumption intensity per sqm

To enforce our strict electricity-saving policy, we ensure that all employees adhere to it diligently. To support this initiative, we have implemented various practical measures, such as:

- Place energy-saving reminder labels in strategic locations to remind the employee to turn off lights and equipment when not in use;
- Replace lights bulbs with electricity-saving light bulbs in the stores; and
- Regular preventive maintenance and replacement to ensure normal operation of equipment, elevators and central air-conditioning system in stores.

Water consumption

At the Group, we recognise the importance of reducing our water consumption and implementing responsible water management practices. Our water usage primarily stems from regular store operations, including domestic use by employees and customers, as well as water consumption for cleaning purposes.

To ensure water conservation throughout our operations, we have established a strict water-saving policy that all employees are required to follow diligently. As part of our commitment to sustainability, we have implemented several initiatives to achieve our water-saving targets. These initiatives include:

- Posters on “Saving Water” are placed in strategic locations to encourage water conservation
- Conducts frequent checks to ensure there are no water leakages within our stores
- Replace equipment with water-saving equipment

In FY2023, we took a significant step forward by reporting our water consumption for the first time. During this initial reporting period, our total water consumed was 227,517 ℓ, and our water consumption intensity was 1,203 mℓ/sqm. We recognise the importance of responsible water management and are committed to implementing measures that will contribute to a more sustainable and eco-friendly operation.

Compliance with environmental regulations

In the reporting period, the Group was not in violation of any of the relevant environmental laws and regulations in the countries that we operate in, that have a significant impact on the Group. As part of our strategy, we seek to continue to be fully compliant with relevant environmental laws and regulations in the countries that we operate in, that have a significant impact on the Group.

Key Performance Indicators: Green Operation

S/N	Description	FY2022	Annualised FY2022 Performance	Target for FY2022	FY2023	Target for FY2023	Progress toward FY2023 Target	Units	Target for FY2024
1	Carbon emissions intensity	274[5]	183[5]	No target set	147	< 140		$kgCO_2e$/sqm	≤ 160
2	Electricity consumption Intensity	341	227	No target set	183	< 225		kWh/sqm	≤ 200
3	Water consumption intensity	–[6]	–[6]	No target set	1,203	Not Applicable		mℓ/sqm	≤ 1,400

5 With the updated electricity grid carbon emission factors, we have retrospectively revised the carbon emissions intensity in FY2022 and the target we set for FY2023. The changes are detailed in Section 1.6 of our report under the Restatement section.

6 New reporting metrics were introduced this FY. No comparative figure is available.

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3.7 Employee Development and Welfare

Overview

In the highly competitive retail industry, our Group prioritises customer satisfaction through well-trained employees who provide exceptional shopping experiences. We offer equal training opportunities to all staff, fostering a positive work environment and contributing to the local community's economic development. Our commitment to employee growth positions us for continued success in exceeding customer expectations.

Skills competency and employee training

To ensure the excellence of our employees, the Group has set up a dedicated training academy, led by a team of skilled full-time and part-time trainers. These trainers possess extensive experience in the retail industry and a deep understanding of our products. Their expertise empowers our employees to enhance their skills and knowledge, equipping them to deliver exceptional customer experiences and stay ahead in the competitive retail landscape.

The Group categorised the training into the following:

(a) New Hires

New hires are required to attend our Pre-Job Training with a duration of 1.5 days (approximately 9 hours). The following are some of the main contents of the training:
- Employee Manual
- Business Etiquette
- Relevant Law and Regulations
- Correct Handling of Customer Actions

(b) Existing Employee

Existing employees are required to attend at least 6 training annually. The following are some of the main contents of the training:
- Enterprise Culture
- Shopping Guide Skills
- Commodity Knowledge
- Service Consciousness

(c) Management Employee

All management employees are required to attend training workshops with a duration of approximately 1 to 2 days annually. The following are some of the main contents of the workshop:
- Corporate Culture
- Management Knowledge
- Case Studies

FY2023 Performance

RMB1m
Total spending on training

12,929
Total training hours

7
Average training hours per employee

100%
The employee subject to an annual performance appraisal

79%
Female representation in the workforce

0
Fatalities in workplace

0
High-consequence injuries in the workplace

10
Recordable injuries in the workplace

0
Recordable work-related ill health cases in the workplace

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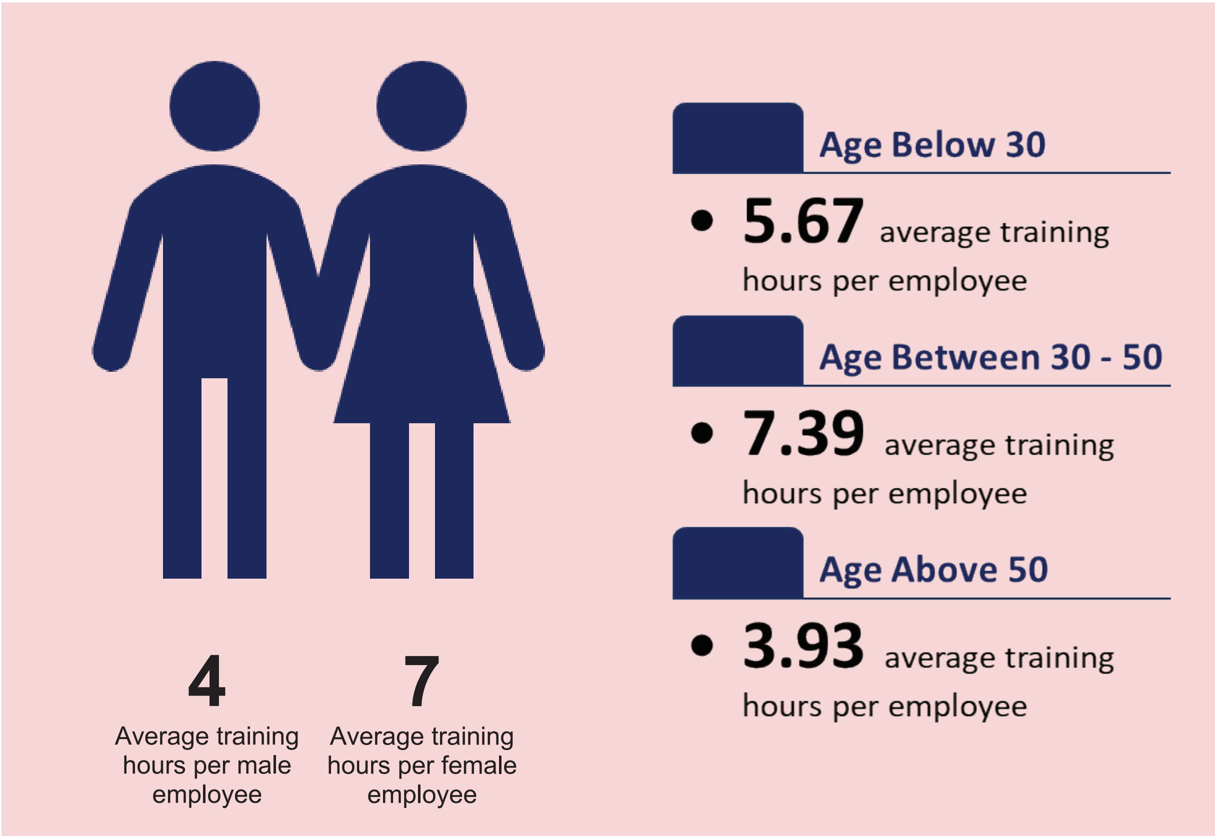
In the reporting period, the Group invested nearly RMB 1 million in our training program, resulting in a total of 12,929 training hours, averaging 7 training hours per employee. Although the training hours were significantly lower than the previous year, this reflects a strategic shift towards emphasizing quality over quantity in our training initiatives. Additionally, the restrictions imposed to prevent the recurrence of Covid-19 have also impacted the training opportunities available.

As part of our revised training strategy, we have set a new target of 20 training hours per employee, recognising the significance of continuous learning and skill development. This change enables us to focus on providing more in-depth and impactful training experiences, further enhancing our employees' capabilities and fostering a culture of excellence within the organization.

Apart from the average training hours per employee, we also include the reporting of average training hours by gender and age group first time in our sustainability report.



Despite the challenges, we remain committed to prioritising employee growth and equipping our workforce to excel in the dynamic retail industry.

Performance appraisal

During the reporting period, all our employees underwent the Company's annual performance appraisal, which relies on quantifiable evaluation criteria to ensure a fair and transparent assessment. Additionally, the Group actively collected performance information through direct supervisor inputs and employee feedback. To facilitate effective communication, the Group encourages regular two-way interactions via periodic employee communication sessions, providing valuable insights into skill development needs. Based on this information, targeted training programs are designed to enhance employee skills, resulting in improved customer satisfaction. This data-driven approach empowers employees to grow professionally and strengthens the Group's ability to meet and exceed customer expectations.

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Equal opportunity

The Group is steadfast in its commitment to being an equal opportunity employer, providing a workplace that upholds principles of equality and non-discrimination. Our approach to recruitment, remuneration, promotion, and benefits is guided by objective assessment, equal opportunity, and non-discrimination, irrespective of factors such as gender, race, marital status, pregnancy, disability, age, or family status.

We maintain a fair and flexible recruitment strategy, encompassing various stages from recruitment applications and job descriptions to interviews, selection, approval, and job offers. Throughout this process, we ensure that all candidates are evaluated solely on their performance and suitability for the position, eliminating any biases or discrimination. By adhering to these principles and practices, the Group attracts diverse talent and fosters an inclusive work environment where every individual is valued for their skills and contributions.

Due to the nature of our industry, we have observed a higher representation of female employees, with 79% of our current workforce being female. This percentage surpasses that of our selected competitors. While we celebrate the diversity and inclusivity within our organization, we understand the importance of maintaining a balanced approach to gender representation. Following a thorough analysis conducted during the previous financial year, we recognize the need to achieve a more equitable distribution of genders within our workforce. As a result, we have revised our target to ensure that at least 75% of our employees remain female. This revised target seeks to strike a balance between maintaining our current gender diversity and addressing any potential gender imbalances.

We firmly believe that embracing diversity and providing equal opportunities is not only a moral imperative but also a key driver of our continued success and growth.

Female Leaders

- **20%** of Board members and **40%** of management personnel are female

Female Employee

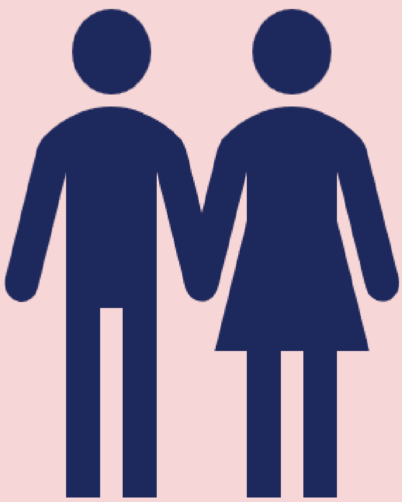
- **79%** of employee and **74%** of new hires are female

Senior Employee

- **13%** of employee and **6%** of new hires have age above 50

Employee Turnover

- **15%** employee turnover
- **13%** female employee turnover



Work safety

The Group places utmost importance on providing a safe working environment for our employees. To achieve this, we have developed a comprehensive work safety guideline that sets the standard for workplace safety across our offices and stores.

Regular work safety training is conducted as part of our periodic training program to reinforce the importance of maintaining a safe environment. This training serves as a reminder to all employees about the necessary precautions and measures to ensure their well-being and that of their colleagues.

We are pleased to report that during the reporting period, we achieved a remarkable safety record with zero fatalities, high-consequence injuries, and work-related ill health cases. The total number of recordable workplace injuries decreased to 10, as compared to 11 incidents in FY2022. In the unfortunate cases where recordable workplace injuries occurred, immediate attention and care were provided, resulting in full recovery for the employees involved.

Our commitment to maintaining a safe workplace and the continuous improvement in our safety performance reflects the Group's dedication to the well-being and welfare of our employees. We will continue to prioritise safety as a fundamental aspect of our operations, ensuring that our employees can work confidently and securely.

Key Performance Indicators: Employee Development and Welfare

S/N	Description	FY2022	Annualised FY2022 Performance	Target for FY2022	FY2023	Target for FY2023	Progress toward FY2023 Target	Units	Target for FY2024
1	Average training hours per employee	73	49	No target set	7	> 58		Hours	≥ 20
2	The employee subject to an annual performance appraisal	–[7]	–[7]	No target set	100	Not Applicable		%	≥ 99.9
3	Female representation in the workforce	81	81	No target set	79	85		%	≥ 75
4	Fatalities in workplace	0	–[8]	No target set	0	0		Number	0
5	High-consequence injuries in the workplace	0	–[8]	No target set	0	0		Number	0
6	Recordable injuries in the workplace	11	–[8]	No target set	10	< 8		Number	≤ 15
7	Recordable work-related ill health cases in the workplace	0	–[8]	No target set	0	0		Number	0

7 New reporting metrics were introduced this FY. No comparative figures are available.
8 Reported metrics in the previous Sustainability Report cover the period from 1 July 2021 to 30 June 2022. Hence, no annualised figures are available.

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Appendix A: Organisational reporting boundaries

Year of Opening	Store Name	Total Gross Floor Area (sqm)	Total Gross Floor Area Operated by the Group (sqm)
1999	Quanzhou Tumen Store 福建省泉州市涂门店	16,361	16,201
2003	Quanzhou Quangang Store 福建省泉州市泉港店	16,884	12,100
2006	Quanzhou Quanxiu Store 福建省泉州市泉秀店	10,404	10,404
2010	Xiamen Wucun Store 福建省厦门市梧村店	28,746	20,301
2011	Xiamen Lvcuo Store (ceased operation in August 2022) 福建省厦门市吕厝店 (2022年8月结业)	23,289	23,289
2013	Quanzhou Xinhua Store 福建省泉州市新华店	14,400	12,910
2014	Quanzhou Qiaonan Store 福建省泉州市桥南店	6,300	6,300
2014	Quanzhou Hui'an Chengnan Store 福建省泉州市惠安城南店	25,466	25,466
2016	Quanzhou Wanxiang Store (ceased operation in September 2022) 福建省泉州市万祥店 (2022年9月结业)	1,000	1,000
2016	Quanzhou Anxi Railway Station Store 福建省泉州市安溪火车站店	3,700	2,500
2019	Xiamen Haicang Maluanwan Store 福建省厦门市海沧区马銮湾店	1,400	1,400
2019	Quanzhou Luncang Store 福建省泉州市仑苍店	4,000	4,000
2019	Quanzhou Yongchun Store 福建省泉州市永春店	23,200	23,200
2019	Zhangzhou Jinfeng Store 福建省漳州市金峰店	1,440	1,440
2020	Quanzhou Guanqiao Store 福建省泉州市官桥店	6,416	4,416
2021	Quanzhou Jinjiang Qingyang Store (ceased operation in August 2022) 福建省泉州市晋江清阳店 (2022年8月结业)	7,683	7,683
2021	Quanzhou Quangang Nanshan Store 福建省泉州市泉港南山店	1,220	1,220
2021	Zhangzhou Port Stores Supermarket 福建省漳州市漳州港店超市	3,753	3,753
2021	Zhangzhou Port Stores Business Service 福建省漳州市漳州港店商务	11,500	11,500
	Total	**207,162**	**189,083**

Appendix B: Sustainability scorecard

Governance

Topics	Units	FY2022 (1 January 2021 to 30 June 2022)	Annualised FY2022 Performance	FY2023
Confirmed incidents of corruption	Number	0	0	0
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Number	0	0	0

Economic Contribution

Performance indicators	Units	FY2022 (1 January 2021 to 30 June 2022)	Annualised FY2022 Performance	FY2023
Total Revenue	RMB million	1,610	1,073	968
Number of Physical Stores in Operation[9]	Number	16	16	17
Total GFA for Stores in Operation[10]	sqm	157,371	157,371	189,083

Product Quality and Customer Satisfaction

Performance indicators	Units	FY2022 (1 January 2021 to 30 June 2022)	Annualised FY2022 Performance	FY2023
Product Quality Inspection Passing Rate	%	99.99	99.99	99.99
Product Net Weight Inspection Passing Rate	%	99.90	99.90	99.95
Farm Chemical Inspection Passing Rate	%	99.98	99.98	99.99
Chloramphenicol Inspection Passing Rate	%	100	100	100
Customer Satisfactory Rate	%	99.62	99.62	99.60
Customer Complaints	Number	475	317	275

9 The number of physical stores in operation is based on the number of stores during the beginning of the financial year and only consists of the stores self-owned by ZMBH, which excludes the managed stores.

10 The GFA for stores in operation only consists of the floor areas of stores self-owned by ZMBH excluding floor areas rented to other stores and floor areas of managed stores.

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Green Operations

Performance indicators	Units	FY2022 (1 January 2021 to 30 June 2022)	Annualised FY2022 Performance	FY2023
Carbon emissions	tCO_2e	43,095[11]	28,730[11]	27,791
Carbon emissions intensity	$kgCO_2e$/ sqm	274[11]	183[11]	147
Electricity consumption	MWh	53,587	35,725	34,516
Electricity consumption Intensity	kWh/ sqm	341	227	183
Water consumption	ℓ	–[12]	–[12]	227,517
Water consumption Intensity	mℓ/sqm	–[12]	–[12]	1,203

Employee Development and Welfare

Performance indicators	Units	FY2022 (1 January 2021 to 30 June 2022)	Annualised FY2022 Performance	FY2023
Total spending on training	RMB	–[13]	–[13]	1,080,000
Total training hours	Hours	193,445	128,963	12,929
Average training hours per employee	Hours	53	49	7
Average training hours per male employee	Hours	–[13]	–[13]	4
Average training hours per female employee	Hours	–[13]	–[13]	7
Average training hours by age group:				
• Age below 30	Hours	–[13]	–[13]	5.67
• Age between 30 - 50	Hours	–[13]	–[13]	7.39
• Age above 50	Hours	–[13]	–[13]	3.93
The employee subject to an annual performance appraisal	%	–[13]	–[13]	100
Female Board members	%	–[13]	–[13]	20%
Female management personnel	%	–[13]	–[13]	40%
Total number of employee	Number	2,632	2,632	1,888
Male employee	%	19	19	21
Female employee	%	81	81	79

11 With the updated electricity grid carbon emission factors, we have retrospectively revised the carbon emissions and carbon emission intensity in FY2022. The changes are detailed in Section 1.6 of our report under the Restatement section.

12 New reporting metrics were introduced in this FY. No comparative figures are available.

13 New reporting metrics were introduced in this FY. No comparative figures are available.

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Performance indicators	Units	FY2022 (1 January 2021 to 30 June 2022)	Annualised FY2022 Performance	FY2023
Employee by age group				
• Age below 30	%	–[13]	–[13]	6
• Age between 30 - 50	%	–[13]	–[13]	81
• Age above 50	%	–[13]	–[13]	13
Total number of new hires	Number	–[13]	–[13]	186
Male new hires	%	–[13]	–[13]	26
Female new hires	%	–[13]	–[13]	74
New hires by age group				
• Age below 30	%	–[13]	–[13]	55
• Age between 30 - 50	%	–[13]	–[13]	120
• Age above 50	%	–[13]	–[13]	11
Total number of resignee	Number	–[13]	–[13]	280
Employee turnover	%	–[14]	6[14]	15
Male turnover rate	%	–[14]	7[14]	22
Female turnover rate	%	–[14]	5[14]	13
Turnover rate by age group				
• Age below 30	%	–[13]	–[13]	42
• Age between 30 - 50	%	–[13]	–[13]	12
• Age above 50	%	–[13]	–[13]	16
Fatalities in workplace	Number	–[15]	0[15]	0
High-consequence injuries in the workplace	Number	–[15]	0[15]	0
Recordable injuries in the workplace	Number	–[15]	11[15]	10
Recordable work-related ill health cases in the workplace	Number	–[15]	0[15]	0

13 New reporting metrics were introduced in this FY. No comparative figures are available.
14 The Company commenced the tracking of relevant performance indicators on 1 July 2021. Hence, the reported data is from 1 July 2021 to 30 June 2022 and no comparative figures are available.
15 The Company commenced the tracking of relevant performance indicators on 1 July 2021. Hence, the reported data is from 1 July 2021 to 30 June 2022 and no comparative figures available.

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Appendix C: GRI content index

GRI Standards Content Index

The GRI Content Index references the ZMBH Sustainability Report 2023 (SR), and the Annual Report 2023 (AR).

Disclosure number		Disclosure title	Reference and remarks
GRI 2: General disclosures			
The organization and its reporting practices	2-1	Organisation details	• SR Corporate profile
	2-2	Entities included in the organization's sustainability reporting	• SR Appendix A: Organisation reporting boundaries
	2-3	Reporting period, frequency and contact point	• SR Scope of sustainability report • SR Sustainability contact
	2-4	Restatements of information	• SR Restatements
	2-5	External assurance	• SR Independent verification
Activities and workers	2-6	Activities, value chain and other business relationships	• SR Corporate profile
	2-7	Employee	• SR Appendix B: Sustainability scorecard
	2-8	Workers who are not an employee	• SR Appendix D: Methodologies and data boundaries
Governance	2-9	Governance structure and composition	• AR Corporate Governance
	2-10	Nomination and selection of the highest governance body	• AR Corporate Governance
	2-11	Chair of the highest governance body	• AR Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	• AR Corporate Governance
	2-13	Delegation of responsibility for managing impacts	• AR Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	• SR Sustainability organisational structure
	2-15	Conflicts of interest	• AR Corporate Governance
	2-16	Communication of critical concerns	• SR Consulting our stakeholders
	2-17	The collective knowledge of the highest governance body	• AR Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	• AR Corporate Governance
	2-19	Remuneration policies	• AR Corporate Governance
	2-20	The process to determine the remuneration	• AR Corporate Governance
	2-21	Annual total compensation ratio	• AR Corporate Governance

Disclosure number		Disclosure title	Reference and remarks
Strategy, policies and practices	2-22	Statement on sustainable development strategy	• SR Sustainability strategy
	2-23	Policy commitments	• SR Sustainability strategy
	2-24	Embedding policy commitments	• SR Sustainability strategy
	2-25	Processes to remediate negative impacts	• SR How we measure our performance
	2-26	Mechanisms for seeking advice and raising concerns	• SR Consulting our stakeholders
	2-27	Compliance with laws and regulations	• SR Product Quality and Customer Satisfaction • SR Green Operation
	2-28	Membership associations	• Not Applicable
Stakeholder engagement	2-29	Approach to stakeholder engagement	• SR Consulting our stakeholders
	2-30	Collective bargaining agreements	• Not Applicable
GRI 3: Disclosures on material topics			
Material topics	3-1	The process to determine material topics	• SR Sustainability materiality
	3-2	List of material topics	• SR Sustainability materiality
	3-3	Management of material topics	• SR Sustainability materiality • SR Economic Contribution • SR Product Quality and Customer Satisfaction • SR Green Operations • SR Employee Development and Welfare
GRI 200: Economic disclosures (applicable sections only)			
Economic performance	201-1	Direct economic value generated and distributed	• SR Economic Contribution
GRI 300: Environment disclosures (applicable sections only)			
Energy	302-1	Energy consumption within the organisation	• SR Green Operations
	302-3	Energy intensity	• SR Green Operations
Water	303-5	Water consumption	• SR Green Operations
Emissions	305-1	Direct (Scope 1) GHG emissions	• SR Green Operations
	305-2	Energy indirect (Scope 2) GHG emissions	• SR Green Operations
	305-3	Other indirect (Scope 3) GHG emissions	• Not Disclosing
	305-4	GHG emission intensity	• SR Green Operations

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Disclosure number		Disclosure title	Reference and remarks
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	• SR Employee Development and Welfare • SR Appendix B: Sustainability scorecard
Occupational health and safety	403-1	Occupational health and safety management system	• SR Employee Development and Welfare
	403-5	Worker training in occupational health and safety	• SR Employee Development and Welfare
	403-9	Work-related injuries	• SR Employee Development and Welfare
	403-10	Work-related ill health	• SR Employee Development and Welfare
Training and education	404-1	Average hours of training per year per employee	• SR Employee Development and Welfare
	404-2	Programs for upgrading employee skills and transition assistance programs	• SR Employee Development and Welfare
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• SR Employee Development and Welfare
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• No incidents of discrimination have been reported in FY2023
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	• Child labour is strictly prohibited
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	• Forced and compulsory labour is strictly prohibited.

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Appendix D: Methodologies and data boundaries

This section details key definitions, methodologies and data boundaries applied to ZMBH's Sustainability Report, as we endeavour to elevate transparency and facilitate comparability of our data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

Carbon Emissions

In the scope of this reporting, scope 1 emissions are emissions generated from the consumption of fuels for our operations. The emission factor used for calculating carbon emission is obtained from Department for Energy Security and Net Zero of the United Kingdom. Carbon emissions are expressed in tonnes of carbon dioxide equivalent (tCO_2e).

The scope of this reporting, scope 2 emissions are emissions that result from the generation of purchased or acquired electricity, by the Group. The Grid Emission Factor (**GEF**) used for calculating carbon emissions is obtained from the Ministry of Ecology and Environment of the People's Republic of China. Carbon emissions are expressed in tonnes of carbon dioxide equivalent (tCO_2e).

Carbon Emissions Intensity

This is the ratio of carbon emissions relative to the Gross Floor Area (**GFA**) of the stores operated by the Group. Carbon emissions intensity is expressed in kilogram of carbon dioxide equivalent per square meter (sqm) ($kgCO_2e$/ sqm).

Electricity Consumption

Energy consumed results from purchased electricity consumed by the operations of the Group.

Electricity consumed is expressed in Megawatt hours (MWh).

Electricity Consumption Intensity

This is the ratio of energy consumed relative to the GFA of the stores operated by the Group.

Energy intensity is expressed in kWh per sqm (kWh / sqm).

Water Consumption

This is the volume of water consumed by the Group. The sources of the water are supplied by local municipalities. The total amount of water withdrawn is assumed to be the amount consumed as is reflected in utility bills received.

The volume of water consumed is expressed in litter (ℓ).

Water Consumption Intensity

This is the ratio of water consumed relative to the GFA of the stores operated by the Group.

Water intensity is expressed in mℓ per sqm (mℓ / sqm).

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New Hires and Turnover

New hires are defined as new employees who have joined the Group during the financial year.

Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

The turnover rate is the total number of employee turnovers in the financial year, relative to the total number of employees recorded at the financial year-end.

The new hires by gender are the total number of female/(male) new hires for each gender in the financial year, relative to the total number of new hires recorded at financial year-end.

The new hires by age group are the total number of new hires for each age group in the financial year, relative to the total number of new hires recorded at financial year-end.

The new hires/turnover rate by gender is the total number of female/(male) employee turnovers for each gender in the financial year, relative to the total number of female/(male) employees recorded at financial year-end.

The turnover rate by age group is the total number of employee turnovers for each age group in the financial year, relative to the number of each age group recorded at financial year-end.

Training hours

Average training hours per employee is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as of financial year-end.

Average training hours per female/(male) employee is the total number of training hours provided to female/(male) employees, relative to the total number of female/(male) employees recorded as of financial year-end.

Average training hours by age group is the total number of training hours provided to each age group, relative to the number of each age group recorded as of financial year-end.

Fatalities in workplace

The number of fatalities as a result of work-related injury during reporting period across the organisation.

High-consequence injuries in the workplace

Number of high-consequence work-related injuries (an injury that results in a fatality from which the worker cannot recover fully to pre-injury health status within 6 months) excluding fatalities during the reporting period.

Recordable injuries

The number of recordable work-related injuries during the reporting period.

Recordable Work-related Ill Health Cases

The number of recordable work-related illnesses or health conditions arising from exposure to hazards at work during the reporting period.

Non-employee Workers

Non-employee workers are defined as workers who are not employees but whose work and/or workplace is controlled by the organisation; Or workers who are not employees and whose work and workplace are not controlled by the organisation, but by the organisation's operations, products or services are directly linked to significant occupational health and safety impacts on those workers by its business relationships.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited financial statements of Zhongmin Baihui Retail Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2023.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company 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 30 June 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, as disclosed in Note 2.1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of Directors

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

Lee Swee Keng
Chen Kaitong
Choy Bing Choong
Goh Poh Kee
Kho Kewee

Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
Name of director	As at 1.7.2022	**As at 30.6.2023**	As at 1.7.2022	**As at 30.6.2023**
	Number of ordinary shares			
The Company - Zhongmin Baihui Retail Group Ltd.				
Lee Swee Keng	48,290,700	**45,790,700**	–	**–**
Chen Kaitong	47,400,680	**41,400,680**	–	**–**

Directors' Statement

There was no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 July 2023.

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 option scheme

There were no options granted during the financial year to subscribe for unissued shares of the Company or of its subsidiaries.

There were no shares issued during the financial year to which this statement relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary.

There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Choy Bing Choong (Chairman)
Goh Poh Kee
Kho Kewee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the SGX Listing Manual and the Code of Corporate Governance.

In performing these functions, the Audit Committee has met four times since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2023 as well as the auditor's report thereon;

(iv) effectiveness of the Company's internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) the auditors confirmed during the Audit Committee meeting that there was no significant disagreement with management and non-compliance with accounting standards and internal controls during the audit;

Directors' Statement

Audit Committee (Cont'd)

(vi) 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;

(vii) the cost effectiveness and the independence and objectivity of the external auditor;

(viii) the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor and internal auditors to be nominated, approved the compensation of the external auditor and internal auditors, and reviewed the scope and results of the audits;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

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

In appointing the auditors for the Company, subsidiaries, associates and joint ventures, Rules 712, 715 and 716 of the SGX Listing Manual have been complied.

Independent auditor

The independent auditor, Foo Kon Tan LLP, has expressed its willingness to accept re-appointment

On behalf of the Directors

....
LEE SWEE KENG

....
CHEN KAITONG

Dated: 7 November 2023

Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zhongmin Baihui Retail Group Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Cash and bank balances

The Group's cash and bank balances were significant as they represented 16% of the Group's total assets balance. The cash and bank balances held by the Company and its subsidiaries represented 3% and 97% of the total cash and bank balances, respectively. A significant portion of the cash and bank balances were held by the Group's subsidiaries in China for the operation of the retail malls which involve voluminous cash transactions. Additionally, they are subjected to higher inherent risk of theft and pilferage. As such we determined this to be a key audit matter.

Our audit procedures include, among others, obtaining bank confirmations from the banks and comparing the bank balances recorded by the subsidiaries for those bank accounts. We have also reviewed the bank reconciliations prepared by management as at year end and tested the reconciling items for selected samples.

We also focused on the adequacy of the disclosures related to cash and bank balances in Note 19 to the consolidated financial statements.

Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Gold inventory

The Group's gold inventory balance as of reporting date is RMB 68,630,536 representing 10% of the Group's total current assets. Additionally, gold inventory is subject to higher inherent risk of theft and pilferage and its price is subject to market volatility. As such we determined this to be a key audit matter.

As part of our audit, we evaluated the design and operating effectiveness of internal controls with respect to physical safeguards over gold inventory. We attended and observed year-end gold inventory counts at all stores to test the quantity of gold inventory.

We have also assessed the net realisable value of the gold inventory at year end by comparing the year end gold market prices against the carrying amounts.

Impairment of property, plant and equipment and right-of-use assets

The Group operates several departmental stores in China and its total property, plant and equipment and right-of-use assets amounted to RMB 126,326,512 and RMB 259,752,303 representing 11% and 22% of the Group's total assets as of reporting date. For the financial year ended 30 June 2023, the Group has assessed the loss-making stores to have indicators of impairment. The impairment assessment involves significant judgements and estimates in determination of the recoverable amount, in particular those relating to gross margin, growth rates, market rent as well as overall market and economic conditions of the industry brought on by the COVID pandemic. Due to the significance of the amounts, the judgements and estimates involved in the impairment assessment, we considered this as a key audit matter.

Our audit procedures included, amongst others, engaged our valuation specialist to assist us in assessing the appropriateness of management's assumptions such as discount rate applied in the value-in-use model and market rent applied in the fair value model. We also obtained an understanding of management's planned strategy on revenue growth, gross profit margin, and cost initiatives and compared these assumptions against our knowledge of the store operations and historical performance. We have also considered the adequacy of the disclosures in Notes 5 and 6 of the financial statements.

Other Matter

The financial statements for the period from 1 January 2021 to 30 June 2022 were audited by another firm of auditors whose report dated 9 November 2022 expressed an unmodified opinion on those financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement section of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("Other Sections") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.

Report on the Audit of the Financial Statements (Cont'd)

Other Information (Cont'd)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Ong Soo Ann.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 7 November 2023

Statements of financial position

as at 30 June 2023

		The Group		The Company	
		30 June 2023	30 June 2022	**30 June 2023**	30 June 2022
	Note	**RMB**	RMB	**RMB**	RMB
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	**126,326,512**	149,932,837	**33,636**	14,219
Right-of-use assets	6(a)	**259,752,303**	352,096,156	**257,060**	483,515
Intangible assets	7	**3,809,553**	3,809,553	**–**	–
Investment in subsidiaries	8	**–**	–	**58,988,269**	104,994,336
Investment in joint ventures	9	**1,481,438**	2,977,753	**–**	–
Investment in associates	10	**77,219,576**	76,695,710	**–**	–
Other receivables	14	**10,822,110**	11,314,187	**77,353**	66,664
Deferred tax assets	11	**11,112,718**	7,940,987	**1,023**	1,263
Other assets	26	**45,496**	2,402,884	**–**	–
		490,569,706	607,170,067	**59,357,341**	105,559,997
Current Assets					
Inventories	12	**161,549,261**	169,749,086	**–**	–
Prepayments	13	**8,307,036**	19,770,192	**55,236**	30,696
Trade and other receivables	14	**24,902,630**	32,785,845	**375**	38,986
Amount due from a subsidiary	15	**–**	–	**27,322,306**	42,352,103
Amount due from associates	16	**38,400,000**	15,900,000	**–**	–
Amount due from a joint venture	17	**207,522,724**	193,010,472	**–**	–
Amount due from related parties	18	**4,468,764**	8,649,372	**–**	–
Cash at banks and fixed deposits	19	**192,237,249**	189,770,127	**6,509,053**	2,723,552
Restricted cash at bank and fixed deposits	20	**40,100,000**	40,000,000	**–**	–
		677,487,664	669,635,094	**33,886,970**	45,145,337
Total assets		**1,168,057,370**	1,276,805,161	**93,244,311**	150,705,334
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	**67,147,926**	67,147,926	**67,147,926**	67,147,926
Treasury shares	22	**(25,092,662)**	(25,092,662)	**(25,092,662)**	(25,092,662)
Reserves	23	**137,192,563**	118,823,053	**(21,282,096)**	38,168,699
Total equity		**179,247,827**	160,878,317	**20,773,168**	80,223,963
Non-Current Liabilities					
Loans and borrowings	24	**49,084,128**	20,834,622	**49,084,128**	12,834,622
Lease liabilities	6(b)	**233,723,801**	328,457,348	**–**	236,627
Other liabilities	26	**507,984**	–	**–**	–
Deferred tax liabilities	11	**17,908,471**	14,745,078	**12,974,930**	9,987,176
		301,224,384	364,037,048	**62,059,058**	23,058,425
Current Liabilities					
Loans and borrowings	24	**131,060,871**	148,730,285	**6,760,871**	44,430,285
Trade and other payables	25	**434,404,498**	447,648,744	**382,913**	422
Lease liabilities	6(b)	**64,798,668**	65,998,222	**266,755**	254,318
Other liabilities	26	**28,054,257**	51,992,940	**3,001,546**	2,737,921
Amount due to related parties	18	**22,846,172**	23,207,026	**–**	–
Income tax payable		**6,420,693**	14,312,579	**–**	–
		687,585,159	751,889,796	**10,412,085**	47,422,946
Total liabilities		**988,809,543**	1,115,926,844	**72,471,143**	70,481,371
Total equity and liabilities		**1,168,057,370**	1,276,805,161	**93,244,311**	150,705,334

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2023

The Group	Note	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Revenue	4	**967,564,731**	1,609,605,578
Cost of sales	12	**(751,517,770)**	(1,231,286,029)
Gross profit		**216,046,961**	378,319,549
Other income	27(a)	**106,267,766**	130,511,414
Interest income	27(b)	**7,062,664**	8,760,623
Selling and distribution expenses	27(c)	**(198,209,874)**	(321,946,403)
Administrative expenses	27(d)	**(107,463,510)**	(177,501,990)
Finance costs	27(e)	**(22,390,876)**	(27,361,908)
Profit/(loss) before taxation and share of results of joint ventures and associates		**1,313,131**	(9,218,715)
Share of results of joint ventures	9	**(1,175,387)**	(14,346,867)
Share of results of associates	10	**17,475,535**	23,297,292
Profit/(loss) before taxation	27(f)	**17,613,279**	(268,290)
Taxation	28	**3,068,201**	(32,775,682)
Profit/(loss) for the year/period		**20,681,480**	(33,043,972)
Other comprehensive loss after tax:			
Items that may be reclassified subsequently to profit or loss			
Loss on foreign currency translation		**(2,311,970)**	(816,913)
Other comprehensive loss for the year, net of tax		**(2,311,970)**	(816,913)
Total comprehensive income/(loss) for the year/period		**18,369,510**	(33,860,885)
Earnings/(loss) per share (cents)			
- Basic and diluted	29	**10.79**	(17.23)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of changes in equity

for the financial year ended 30 June 2023

The Group	Share capital [Note21] RMB	Treasury shares [Note22] RMB	Revenue reserve RMB	Statutory reserve fund [Note23(b)] RMB	Foreign currency translation reserve [Note23(a)] RMB	Total reserves RMB	Total equity RMB
	Attributable to equity holders of the Company						
Balance at 1 January 2021	67,147,926	(25,030,914)	138,523,784	32,795,761	(289,126)	171,030,419	213,147,431
Loss for the period	–	–	(33,043,972)	–	–	(33,043,972)	(33,043,972)
Other comprehensive income							
Exchange differences on translating foreign operations	–	–	–	–	(816,913)	(816,913)	(816,913)
Total comprehensive loss for the period	–	–	(33,043,972)	–	(816,913)	(33,860,885)	(33,860,885)
Contributions by and distributions to owners							
Purchase of treasury shares	–	(61,748)	–	–	–	–	(61,748)
Dividends [Note 33]	–	–	(18,346,481)	–	–	(18,346,481)	(18,346,481)
Total contributions by and distributions to owners	–	(61,748)	(18,346,481)	–	–	(18,346,481)	(18,408,229)
Others							
Transfer to statutory reserve fund	–	–	(5,095,368)	5,095,368	–	–	–
Balance at 30 June 2022	**67,147,926**	**(25,092,662)**	**82,037,963**	**37,891,129**	**(1,106,039)**	**118,823,053**	**160,878,317**
Profit for the year	**–**	**–**	**20,681,480**	**–**	**–**	**20,681,480**	**20,681,480**
Other comprehensive income							
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**(2,311,970)**	**(2,311,970)**	**(2,311,970)**
Total comprehensive income for the year	**–**	**–**	**20,681,480**	**–**	**(2,311,970)**	**18,369,510**	**18,369,510**
Others							
Transfer to statutory reserve fund	**–**	**–**	**(2,525,391)**	**2,525,391**	**–**	**–**	**–**
Balance at 30 June 2023	**67,147,926**	**(25,092,662)**	**100,194,052**	**40,416,520**	**(3,418,009)**	**137,192,563**	**179,247,827**

Consolidated statement of cash flows

for the financial year ended 30 June 2023

The Group	Note	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Cash Flows from Operating Activities			
Profit/(loss) before taxation		**17,613,279**	(268,290)
Adjustments for:			
Depreciation of property, plant and equipment	5	**13,583,907**	19,421,253
Depreciation of right–of–use assets	6	**61,941,476**	98,838,530
Gain on discounts on bond		**(1,269,984)**	–
(Write–back)/impairment on property, plant and equipment	5	**(201,614)**	9,068,225
Impairment/(write–back) on right–of–use assets	6	**4,032,172**	(6,151,268)
Reversal of provision for termination of lease		**(10,370,623)**	(1,762,413)
Provision for termination of lease		–	17,145,589
Amount due to related parties written off		–	(756)
Net gain on disposal of property, plant and equipment		**(1,859)**	(431,957)
Net gain on de–recognition of right–of–use assets		**(10,530,588)**	–
Net gain on disposal of investment in joint ventures		**(21,960)**	–
Amortisation of step rental income		**2,865,373**	1,383,463
Inventories written off		**134,796**	66,235
Property, plant and equipment written off	5	**10,524,377**	–
Interest income	27(b)	**(7,062,664)**	(8,760,623)
Finance costs	27(e)	**22,390,876**	27,361,909
Share of results of joint ventures	9	**1,175,387**	14,346,867
Share of results of associates	10	**(17,475,535)**	(23,297,292)
Unrealised exchange difference		**2,842,644**	(1,338,348)
Operating profit before working capital changes		**90,169,460**	145,621,124
Decrease/(increase) in inventories		**8,199,825**	(10,271,555)
Decrease in prepayments		**11,463,156**	47,755,598
Decrease/(increase) in trade and other receivables		**8,778,641**	(13,173,707)
(Decrease)/increase in trade and other payables		**(31,352,109)**	28,851,147
Cash generated from operations		**87,258,973**	198,782,607
Interest received		**7,916,126**	7,834,456
Income tax paid		**(6,001,700)**	(28,863,094)
Net cash generated from operating activities		**89,173,399**	177,753,969
Balance carried forward		**89,173,399**	177,753,969

Consolidated statement of cash flows

for the financial year ended 30 June 2023

The Group	Note	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Balance brought forward		**89,173,399**	177,753,969
Cash Flows from Investing Activities			
Dividend received		**16,951,668**	24,569,159
Purchase of property, plant and equipment		**(1,671,107)**	(21,964,168)
Investment in joint ventures		**–**	(8,770,000)
Amount due from a joint venture		**(14,512,252)**	(193,010,472)
Amount due from associates		**(22,500,000)**	–
Amount due from a related party (non-trade)		**3,741,698**	2,452,766
Proceeds from disposal of joint ventures		**200,000**	–
Proceeds from disposal of property, plant and equipment		**1,374,370**	608,500
Net cash used in investing activities		**(16,415,623)**	(196,114,215)
Cash Flows from Financing Activities			
Dividends paid	33	**–**	(18,346,481)
Interest paid on lease liabilities	6	**(12,112,816)**	(18,355,618)
Interest paid on loans and bonds	24	**(6,654,727)**	(6,790,132)
Purchase of treasury shares		**–**	(61,748)
Proceeds from issuance of bond	24	**42,494,400**	**–**
Proceeds from loans and borrowings	24	**124,300,000**	113,300,000
Redemption of bond	24	**(42,494,400)**	**–**
Repayment of bank loans	24	**(118,840,791)**	(6,267,883)
Repayment of lease liabilities	6	**(57,503,259)**	(93,079,211)
Repayment of loan to related parties	18	**(387,143)**	(45,199,560)
Restricted cash at bank and bank deposit pledged	20	**(100,000)**	(40,000,000)
Net cash used in financing activities		**(71,298,736)**	(114,800,633)
Net increase/(decrease) in cash and cash equivalents		**1,459,040**	(133,160,879)
Cash and cash equivalents at beginning of year		**149,770,127**	284,345,927
Effect of exchange rate changes on cash and cash equivalents		**1,008,082**	**(1,414,921)**
Cash and cash equivalents at end of year	19	**152,237,249**	149,770,127

Consolidated statement of cash flows

for the financial year ended 30 June 2023

Note:

A. Major non-cash transactions

During the year ended 30 June 2023 and period from 1 January 2021 to 30 June 2022, the Group has no significant non-cash arrangement.

B. Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	Amount due to related parties RMB	Lease liabilities RMB	Bank loans RMB	Non-convertible bonds RMB	Restricted cash at bank and bank deposit pledged RMB	Total RMB
At 1 January 2021	68,019,459	242,805,585	24,689,035	39,502,456	–	375,016,535
Changes from financing cash flows						
- Repayment	(45,199,560)	(93,079,211)	(6,267,883)	–	–	(144,546,654)
- Interest	–	(18,355,618)	(3,071,402)	(3,718,730)	–	(25,145,750)
Additions	–	244,495,086	113,300,000	–	(40,000,000)	317,795,086
Accretion of interests	–	20,149,503	3,071,402	3,718,730	–	26,939,635
Interest payable	–	(1,553,706)	–	–	–	(1,553,706)
Currency translation	–	(6,069)	(659,829)	(998,872)	–	(1,664,770)
At 30 June 2022	**22,819,899**	**394,455,570**	**131,061,323**	**38,503,584**	**(40,000,000)**	**546,840,376**
Changes from financing cash flows						
- Repayment	**(387,143)**	**(57,503,259)**	**(118,840,791)**	**(42,494,400)**	**–**	**(219,225,593)**
- Interest	**–**	**(12,112,816)**	**(3,706,510)**	**(2,948,217)**	**–**	**(18,767,543)**
Additions	**–**	**499,348**	**124,300,000**	**42,494,400**	**(100,000)**	**167,193,748**
De-recognition	**–**	**(37,201,801)**	**–**	**–**	**–**	**(37,201,801)**
Accretion of interests	**–**	**15,048,520**	**3,706,510**	**3,363,039**	**–**	**22,118,069**
Interest payable	**–**	**(4,716,154)**	**–**	**(414,822)**	**–**	**(5,130,976)**
Currency translation	**–**	**53,061**	**2,061,055**	**3,059,828**	**–**	**5,173,944**
At 30 June 2023	**22,432,756**	**298,522,469**	**138,581,587**	**41,563,412**	**(40,100,000)**	**461,000,224**

Disposal/de-registration of investments in joint ventures

Disposal/de-registration of investments in joint ventures

The Company holds equity interest from year 2020 to 2022 in four joint ventures (Note 9).

The Group disposed the entire equity interests in four joint ventures and de-registered one joint venture on 1 August 2022, respectively as disclosed in Note 9. These transactions resulted in a gain on disposal as set out below:

	2023 RMB
Cash consideration received for disposal of investment in joint ventures	**200,000**
Cash consideration receivable for disposal of investment in joint ventures	**710,000**
Less: Carrying amount of investment at date of disposal	**(888,040)**
Gain on disposal of investment	**21,960**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2023

1 General information

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 30 June 2023 were authorised for issue by the Board of Directors on the date of the directors' statement.

Zhongmin Baihui Retail Group Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 160 Robinson Road, #15-06 SBF Center, Singapore 068914.

The principal place of business of the Company is located at 80 Marine Parade Road, #13-07 Parkway Parade, Singapore 449269.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

On 15 February 2022, the Group has announced the change of the Company's financial year end from 31 December to 30 June. Following the aforesaid change, the previous set of financial statements of the Company covered a period of 18 months from 1 January 2021 to 30 June 2022. Thereafter, the financial year of the Company will commence on 1 July each year and end on 30 June of the following year.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS (I)).

As at 30 June 2023, the Group's current liabilities exceeded its current assets by RMB 10,097,495 (2022 – RMB 82,254,702), which included current borrowings of RMB 131,060,871 (2022- RMB 148,730,285) from financial institutions.

The financial statements have been prepared on a going concern basis as the Group is able to meet its current liabilities obligation for the next twelve months from the dividend from associates and raising funds through bank borrowings. Subsequent to reporting date, the Group has re-financed RMB 9.5 million of bank borrowings. Upon the completion of refinancing, the bank borrowings mature on 20 September 2024. The Group has also obtained new bank credit facilities of RMB 59 million, of which RMB 49.5 million remain unutilised as of the date of this auditor's report. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year ended 30 June 2023, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.3 New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application, except as follows:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 4	*Extension of the Temporary Exemption from Applying SFRS(I) 9*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1- 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to SFRS(I) 17	*Initial Application of SFRS(I) 17 and SFRS(I) 9 - Comparative Information*	1 January 2023
SFRS(I) 16	*Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback*	1 January 2024
Various	*Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined
SFRS(I) 1-21, SFRS(I) 1	*Amendments to SFRS(I) 1-21: Lack of Exchangeability*	1 January 2025

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.3 New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for reporting periods beginning on or after 1 January 2023. Early application is permitted. The amendments shall be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

As of 30 June 2023, the taxable temporary differences in relation to right-of-use assets and the deductible temporary differences in relation to lease liabilities amount to RMB 717,685 and RMB 8,184,496 respectively. Under the amendments, the Group will recognise a deferred tax liability of RMB 717,685 and a deferred tax asset of RMB 8,184,496 separately.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 30 June 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

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

(a) *Basis of consolidation (cont'd)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(b) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Notes to the Financial Statements

for the financial year ended 30 June 2023

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, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after re-assessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at financial year end. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.5 *Functional and foreign currency*

(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 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.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.5 Functional and foreign currency (Cont'd)

(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.

(d) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries 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 measured at cost. Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.6 Property, plant and equipment (Cont'd)

Depreciation is calculated on the straight-line basis to allocate the depreciable amount of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is de-recognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which are stated at cost less any accumulated impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.7 Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs for, which it is intended to compensate, are expensed.

2.8 Impairment of non-financial assets

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. If any such indication exists, the asset's recoverable amount is estimated.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.8 Impairment of non-financial assets (Cont'd)

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 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 any accumulated impairment losses.

2.10 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.11 Associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2 Summary of significant accounting policies (Cont'd)

2.11 Associates and joint ventures (Cont'd)

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group re-assesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change. The Group does not have any joint arrangement classified as joint operation.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.12 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SFRS (I) 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

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

<u>Debt instruments</u>

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.12 Financial instruments (Cont'd)

(a) ***Financial assets (Cont'd)***

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 in other comprehensive income is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the effective interest rate amortisation process.

De-recognition

A financial liability is de-recognised 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 are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.13 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.

Financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.13 Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables and cash and bank deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits (with a period of 3 months or less from the placement date) that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These exclude pledged deposits with financial institutions.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of finished goods is determined on a weighted average basis and includes all costs of bringing the inventories to their present location and condition.

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.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.15 Inventories (Cont'd)

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.

2.16 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.

2.17 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.

People's Republic of China ("PRC")

The subsidiaries incorporated and operating in the PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The above contributions are recognised as an expense in the period in which the related service is performed.

(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.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managerial personnel are considered key management personnel.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.18 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

The Group recognises right-of-use assets upon the adoption of SFRS (I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Right-of-use assets are measured at cost less any accumulated impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold building	-	over the remaining lease period
Prepaid land lease payments	-	50 years

The right-of-use assets are also subject to impairment as disclosed in policies in Note 2.8 "Impairment of non-financial assets".

(b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.18 Leases (Cont'd)

Group as a lessee (Cont'd)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group 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.

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Direct sales*

Revenue from direct sale of goods is recognised when the performance obligation is satisfied upon the transfer 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 contracted period.

Notes to the Financial Statements

for the financial year ended 30 June 2023

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) *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.

(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.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.21 Taxes (Cont'd)

(b) *Deferred tax (Cont'd)*

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.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 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 statements of financial position 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.

2.25 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.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.26 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.

(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); or

(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.27 Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.27 Current and non-current classification (Cont'd)

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.28 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its 'highest-and-best use' or by selling it to another market participant that would use the asset in its 'highest-and-best use'.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value-in-use in SFRS(I) 1-36 *Impairment of Assets.*

Notes to the Financial Statements

for the financial year ended 30 June 2023

2 Summary of significant accounting policies (Cont'd)

2.28 Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

2.29 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares.

2.30 Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 32.

3 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. 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.

Notes to the Financial Statements

for the financial year ended 30 June 2023

3 Significant accounting estimates and judgements (Cont'd)

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period except as follows:.

Joint ventures [Note 9]

The Group holds 20% to 50% ownership interest of its joint ventures recognised in the consolidated accounts using the equity method in accordance with the percentage owned. Management has assessed that the holdings are joint arrangements as there are contractual arrangements with the parties resulting in the Group having joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. As the joint arrangements provide the Group with rights to the net assets of the arrangements, the arrangements are joint ventures to the Group. Further details are disclosed in Note 9 to the financial statements.

Associates [Note 10]

The Group assesses that it has significant influence over an investee when the Group has the power to participate in the financial and operating policy decisions of the investee. The Group owns 20% to 49% of the ownership interest and voting rights in the associates as disclosed in Note 10. The management is of the view that the Group has significant influence over these associates as Group has the right to appoint its representatives for one fourth of the investee's board of directors.

Income tax [Note 28]

The Group has exposures to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is re-assessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of leasehold properties and plant and equipment, the following factors are normally the most relevant:

– If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

– If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

– Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Notes to the Financial Statements

for the financial year ended 30 June 2023

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 the 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.

Impairment of non-financial assets [Notes 5,6(a),8,9 and 10]

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three or five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The key assumptions in deriving the recoverable amount include discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The FVLCD estimation is affected by the uncertainty caused by more volatile asset prices and currency exchange rates in countries in which the Group operates in. The VIU estimation is based on forecasted cash flows of the underlying business.

The carrying amounts of the Group's and the Company's non-financial assets are disclosed in Notes 5,6(a),8,9 and 10 to the consolidated financial statements. In 2023 and 2022, a decrease of 2% in each of the Group's and the Company's non-financial assets' recoverable amounts will increase the impairment losses by RMB 9,295,597 (2002 - RMB 11,634,049) and RMB 1,185,579 (2022 - RMB 2,109,841) on non-financial assets at the Group's and Company's level.

Depreciation of property, plant and equipment [Note 5]

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The carrying amounts of the Group's property, plant and equipment as at 30 June 2023 are RMB 126,326,512 (2022 – RMB 149,932,837). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of property, plant and equipment differ by 5% from management's estimates, the carrying amounts of the property, plant and equipment of the Group will be approximately RMB 6,316,326 (2022 – RMB 7,496,642) higher/lower.

Notes to the Financial Statements

for the financial year ended 30 June 2023

3 Significant accounting estimates and judgements (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

Depreciation of right-of-use assets [Note 6(a)]

Right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. The carrying amounts of the Group's right-of-use assets as at 30 June 2023 are RMB 259,752,303 (2022 – RMB 352,096,156). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of right-of-use assets differ by 5% from management's estimates, the carrying amounts of the right-of-use assets of the Group will be approximately RMB 12,987,615 (2022 – RMB 17,604,808) higher/lower.

Deferred tax assets [Note 11]

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income. The carrying amount of the Group's deferred tax assets is disclosed in Note 11.

In the financial year ended 30 June 2023, a decrease of 10% in the probable future taxable income will not affect the amount of deferred tax assets recognised.

Net realisable value of inventories [Note 12]

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value.

The usual considerations for determining the amount of allowance or write-down include a technical assessment of inventories concerned, considering future demand, future selling prices, rework cost and fluctuation of gold market prices and ageing analysis of inventories. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting period is disclosed in Note 12.

3 Significant accounting estimates and judgements (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

Impairment of financial assets [Notes 14 to 20]

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For non-trade receivables, the Group and the Company apply the general approach to determine ECL. ECL is measured as an allowance equal to 12-month ECL for stage-1 (low credit risk) assets, or lifetime ECL for stage-2 (deterioration in credit risk) or stage-3 (credit impaired) assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative, reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

The ECL assessment involves estimation uncertainty heightened by the global economic slowdown ensuing the COVID-19 pandemic, such as a slowdown in payment collections from the customers. Significant management judgement is required to assess recoverability of debts from known customers who are potentially more negatively impacted by COVID-19. Forward-looking adjustments, such as economic data, by management have incorporated potential impact of the COVID-19 pandemic.

If the expected credit losses increase by 1% from management estimates, this will lead an increase in impairment on financial assets by RMB5,268,060 (2022- RMB5,136,031).

Notes to the Financial Statements

for the financial year ended 30 June 2023

4 Revenue

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.

The Group	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Direct sales	**846,939,452**	1,393,680,191
Commission from concessionaire sales	**82,183,565**	149,011,168
Revenue from contracts with customers	**929,129,017**	1,542,691,359
Rental income	**29,603,154**	54,749,100
Managed rental	**8,838,560**	12,165,119
Total revenue	**967,564,731**	1,609,605,578

Revenue from direct sales and commission from concessionaire sales (presented as net) are recognised at a point in time while revenue from rental and managed rental are recognised over time.

For information purpose only, gross sales proceeds are as follows:

The Group	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Direct sales	**846,939,452**	1,393,680,191
Commission from concessionaire sales	**466,565,921**	810,704,720
Rental income	**29,603,154**	54,749,100
Managed rental	**8,838,560**	12,165,119
Gross sales proceeds*	**1,351,947,087**	2,271,299,130

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

<u>Judgement and methods used in estimating revenue</u>

In estimating the variable consideration relating to the breakage that arise from the sale of prepaid cards and customer loyalty program, management relies on historical experience from the utilisation of the prepaid cards and the redemption of the loyalty points respectively for last year. Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price.

A portion of the estimated variable consideration is subjected to the constraint based on past experience with the customer as it is highly probable that a significant reversal in the cumulative amount of revenue recognised will occur. Hence, it would not be recognised as revenue.

5 Property, plant and equipment

The Group	Electronics RMB	Furniture and fittings RMB	Computer software RMB	Motor vehicles RMB	Leasehold improvements RMB	Buildings RMB	Total RMB
Cost							
At 1 January 2021	6,101,524	22,379,033	1,136,010	3,670,360	74,485,475	119,968,939	227,741,341
Additions[(1)]	358,376	646,691	295,000	1,343,593	24,387,467	–	27,031,127
Disposals	–	–	–	(771,276)	–	–	(771,276)
Currency translation	(1,277)	(573)	–	–	(1,753)	–	(3,603)
At 30 June 2022	**6,458,623**	**23,025,151**	**1,431,010**	**4,242,677**	**98,871,189**	**119,968,939**	**253,997,589**
Additions	**13,160**	**37,223**	**28,079**	**961,088**	**631,557**	**–**	**1,671,107**
Disposals	**(946,957)**	**(2,074,989)**	**–**	**(433,971)**	**(1,170,896)**	**–**	**(4,626,813)**
Written off	**–**	**–**	**–**	**–**	**(10,524,377)**	**–**	**(10,524,377)**
Currency translation	**6,766**	**2,491**	**–**	**–**	**7,616**	**–**	**16,873**
At 30 June 2023	**5,531,592**	**20,989,876**	**1,459,089**	**4,769,794**	**87,815,089**	**119,968,939**	**240,534,379**
Accumulated depreciation and impairment loss[(2)]							
At 1 January 2021	5,571,085	16,391,474	928,109	2,080,927	30,408,695	20,792,493	76,172,783
Depreciation for the period	350,331	2,441,959	325,960	992,185	6,673,055	8,637,763	19,421,253
Disposals	–	–	–	(594,733)	–	–	(594,733)
Impairment loss	182,319	1,528,654	176,941	855,075	6,325,236	–	9,068,225
Currency translation	(962)	(429)	–	–	(1,385)	–	(2,776)
At 30 June 2022	**6,102,773**	**20,361,658**	**1,431,010**	**3,333,454**	**43,405,601**	**29,430,256**	**104,064,752**
Depreciation for the year	**108,603**	**1,115,883**	**8,510**	**391,595**	**6,200,807**	**5,758,509**	**13,583,907**
Disposals	**(897,343)**	**(1,944,687)**	**–**	**(412,272)**	**–**	**–**	**(3,254,302)**
Write–back	**(49,613)**	**(130,302)**	**–**	**(21,699)**	**–**	**–**	**(201,614)**
Currency translation	**5,246**	**2,262**	**–**	**–**	**7,616**	**–**	**15,124**
At 30 June 2023	**5,269,666**	**19,404,814**	**1,439,520**	**3,291,078**	**49,614,024**	**35,188,765**	**114,207,867**
Net carrying amount							
At 30 June 2023	**261,926**	**1,585,062**	**19,569**	**1,478,716**	**38,201,065**	**84,780,174**	**126,326,512**
At 30 June 2022	355,850	2,663,493	–	909,223	55,465,588	90,538,683	149,932,837

(1) Included in additions of prior year was an amount of RMB 5,066,959 prepaid in the following prior year, as disclosed in Note 13. Cash payments for additions amounted to RMB 21,964,168.

(2) Included in accumulated depreciation and impairment loss is RMB 8,866,611 (2022 – RMB 9,068,225) of accumulated impairment loss.

(3) During the current financial year, a reversal of impairment on disposal amounting to RMB 201,614 arose due to proceeds received from the sales of certain plant and equipment, which were fully impaired in the previous financial year.

Notes to the Financial Statements

for the financial year ended 30 June 2023

5 Property, plant and equipment (Cont'd)

	Electronics RMB	Furniture and fittings RMB	Computer software RMB	Leasehold improvements RMB	Total RMB
The Company					
Cost					
At 1 January 2021	52,258	22,664	–	69,319	144,241
Additions	6,583	–	–	–	6,583
Currency translation	(1,277)	(573)	–	(1,753)	(3,603)
At 30 June 2022	**57,564**	**22,091**	**–**	**67,566**	**147,221**
Additions	**5,811**	**–**	**28,079**	**–**	**33,890**
Disposal	**(2,887)**	**–**	**–**	**–**	**(2,887)**
Currency translation	**6,766**	**2,491**	**–**	**7,616**	**16,873**
At 30 June 2023	**67,254**	**24,582**	**28,079**	**75,182**	**195,097**
Accumulated depreciation					
At 1 January 2021	39,781	17,715	–	57,766	115,262
Depreciation for the period	6,534	2,798	–	11,185	20,517
Currency translation	(962)	(430)	–	(1,385)	(2,777)
At 30 June 2022	**45,353**	**20,083**	**–**	**67,566**	**133,002**
Depreciation for the year	**5,643**	**2,069**	**8,510**	**–**	**16,222**
Disposal	**(2,887)**	**–**	**–**	**–**	**(2,887)**
Currency translation	**5,246**	**2,262**	**–**	**7,616**	**15,124**
At 30 June 2023	**53,355**	**24,414**	**8,510**	**75,182**	**161,461**
Net carrying amount					
At 30 June 2023	**13,899**	**168**	**19,569**	**–**	**33,636**
At 30 June 2022	12,211	2,008	–	–	14,219

Impairment of non-financial assets

In the current financial year ended 30 June 2023, the Group undertook a comprehensive review to assess the viability of underperforming stores. Based on the result of the review, no impairment is required for the current financial year.

In the previous financial period from 1 January 2021 to 30 June 2022, the Group undertook a comprehensive review to assess the viability of underperforming stores. As a result of the review, the Group recorded impairment charges on the property, plant and equipment of certain underperforming stores of RMB 9,068,225 in "Administrative expenses" line item of profit or loss for the financial period from 1 January 2021 to 30 June 2022.

The recoverable amounts of the property, plant and equipment for these stores are based on their value-in-use and the discount rate used was 10% (2022 - 13%).

Notes to the Financial Statements

for the financial year ended 30 June 2023

6(a) Right-of-use assets

The Group has lease contracts of properties for its operations. The leases of properties have lease terms ranging between 3 to 20 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year/period:

	The Group		The Company	
	30 June 2023 RMB	30 June 2022 RMB	**30 June 2023 RMB**	30 June 2022 RMB
As at beginning of year/period	**352,096,156**	199,398,023	**483,515**	130,279
Additions	**499,348**	245,391,356	**–**	754,546
Depreciation	**(61,941,476)**	(98,838,530)	**(278,667)**	(395,349)
(Impairment loss)/write-back	**(4,032,172)**	6,151,268	**–**	–
De-recognition	**(26,921,765)**	–	**–**	–
Currency translation	**52,212**	(5,961)	**52,212**	(5,961)
As at end of year/period	**259,752,303**	352,096,156	**257,060**	483,515

In the current financial year ended 30 June 2023, the Group undertook a comprehensive review to assess the viability of underperforming stores. As a result of the review, the Group recorded impairment charges on the right-of-use assets of certain underperforming stores of RMB 4,032,172 in "Administrative expenses" line item of profit or loss for the financial year ended 30 June 2023, as the underperforming stores continued to incur losses in the current financial year.

During the previous financial period from 1 January 2021 to 30 June 2022, the Group performed an impairment assessment and wrote back prior year impairment charges on the right-of-use assets of certain stores of RMB 6,151,268 in "Administrative expenses" line item of profit or loss for the financial period from 1 January 2021 to 30 June 2022. The recoverable amounts of the right-of-use assets for these stores are based on their value-in-use and the discount rate used was 13%.

6(b) Lease Liabilities

Set out below are the carrying liabilities and the movements during the year/period:

	The Group		The Company	
	30 June 2023 RMB	30 June 2022 RMB	**30 June 2023 RMB**	30 June 2022 RMB
As at beginning of year/period	**394,455,570**	242,805,585	**490,945**	137,087
Additions	**499,348**	244,495,086	**–**	745,840
Accretion of interest	**15,048,520**	20,149,503	**19,161**	38,651
Interest payable	**(4,716,154)**	(1,553,706)	**–**	–
Payments	**(69,616,075)**	(111,434,829)	**(296,412)**	(424,564)
De-recognition	**(37,201,801)**	–	**–**	–
Currency translation	**53,061**	(6,069)	**53,061**	(6,069)
As at end of year/period	**298,522,469**	394,455,570	**266,755**	490,945

Notes to the Financial Statements

for the financial year ended 30 June 2023

6(b) Lease Liabilities (Cont'd)

	The Group		The Company	
	30 June 2023	30 June 2022	**30 June 2023**	30 June 2022
	RMB	RMB	**RMB**	RMB
Undiscounted lease payments due:				
- Financial Year 1	**66,166,878**	78,808,340	**271,711**	268,575
- Financial Year 2	**65,471,314**	77,487,817	**–**	190,241
- Financial Year 3	**38,720,634**	71,984,676	**–**	55,953
- Financial Year 4	**29,901,985**	51,384,635	**–**	–
- Financial Year 5	**29,322,798**	32,718,136	**–**	–
- Financial Year 6 and onwards	**141,613,389**	171,195,492	**–**	–
	371,196,998	483,579,096	**271,711**	514,769
Less: Future interest cost	**(72,674,529)**	(89,123,526)	**(4,956)**	(23,824)
Lease liabilities	**298,522,469**	394,455,570	**266,755**	490,945
- Current	**64,798,668**	65,998,222	**266,755**	254,318
- Non-current	**233,723,801**	328,457,348	**–**	236,627
	298,522,469	394,455,570	**266,755**	490,945

Total cash outflows for all leases in the year amount to RMB 69,616,075 (2022 – RMB 111,434,829).

The Group does not have short term leases and lease of low-value asset in the current and previous financial periods.

Information about the Group's leasing activities is disclosed in Note 6(c).

Further information about the financial risk management is disclosed in Note 32.

The Group's lease liabilities are secured by the lessors' title to the leased assets.

6(c) Lease arrangements

(i) The Group as lessee

(a) Leasehold properties

The Group makes monthly lease payments for the use of several leasehold properties for operation purposes [Note 6(b)]. These leasehold properties are recognised within the Group's right-of-use assets [Note 6(a)]. There are no externally imposed covenants on these property lease arrangements.

Notes to the Financial Statements

for the financial year ended 30 June 2023

6(c) Lease arrangements (Cont'd)

(ii) The Group as lessor

Right-of-use assets

Operating leases, in which the Group is the lessor, relate to right-of-use assets by the Group. The lease terms range between 3 to 6 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

The Group's revenue from rental income received on the right-of-use assets are disclosed in Note 4.

The revenue is recognised based on agreed rates of tenants' monthly turnover and fixed rental per month.

7 Intangible assets

The Group	Goodwill RMB
Cost:	
At 1 January 2021, 30 June 2022 and **30 June 2023**	**3,809,553**
Net carrying amount:	
At 30 June 2023	**3,809,553**
At 30 June 2022	3,809,553

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

<u>Goodwill arising from the acquisition</u>

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 store in China. None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to the Financial Statements

for the financial year ended 30 June 2023

7 Intangible assets (Cont'd)

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 remaining lease period. The discount rate applied to the cash flow projections is 10% (2022 - 13%) and the forecasted growth rates used to extrapolate the cash flows projections is at 6% for the year ended 30 June 2024 and over the remaining lease period up to 30 June 2027 (2022- 9% for year ended 30 June 2023 and annual incremental of 1% up to 13% for year ended 30 June 2027).

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 in China.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for the goodwill, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to materiality exceed its recoverable amount.

8 Investment in subsidiaries

The Company	**2023** **RMB**	2022 RMB
Shares, at cost	**104,994,336**	63,256,736
Additional investment [(3)]	**–**	41,737,600
Impairment	**(46,006,067)**	–
	58,988,269	104,994,336

Notes to the Financial Statements

for the financial year ended 30 June 2023

8 Investment in subsidiaries (Cont'd)

Details of the subsidiaries at the end of the reporting period are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interests		Principal activities
		2023 %	2022 %	
Xiamen Shi Zhongmin Baihui Commercial Co., Ltd. (1)	(People's Republic of China ("PRC"))	**100**	100	Ownership, operation and management of a chain of department stores
Zhongmin Baihui (China) Retail Group Co., Ltd. (1),(3)	PRC	**100**	100	Ownership, operation and management of a chain of department stores
Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd.	PRC	**100**	100	Ownership, operation and management of retail stores
Zhangzhou Zhongmin Baihui Business Service Co., Ltd. (2)	PRC	**100**	100	Ownership and operation of department stores
Zhangzhou Zhongmin Baihui Supermarket Co., Ltd. (2)	PRC	**100**	100	Ownership and operation of department stores

(1) Audited by Foo Kon Tan LLP for consolidation purposes

(2) The Company was incorporated during financial year 2019. As at date of the report, it has commenced operation and no capital has been injected

(3) The Company has reinvested the dividend amounting to RMB 41,737,600 back to the subsidiary in the previous financial year

During the financial year ended 30 June 2023 and financial period from 1 January 2021 to 30 June 2022, the Company assessed the carrying amounts of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognised an impairment loss totalling RMB 46,006,067 (2022 – RMB Nil) mainly due to its subsidiary incurring loss from its business activities. The recoverable amount of the investment has been determined based on the revalued net assets of the subsidiary as at 30 June 2023 and 2022 which is classified under Level 3 of the fair value hierarchy.

9 Investment in joint ventures

The Group	**2023** RMB	2022 RMB
Shares, at cost	**22,810,000**	14,040,000
Additional investment	**–**	8,770,000
Disposal of investments	**(910,000)**	–
Share of accumulated losses in joint ventures	**(20,418,562)**	(19,832,247)
At end of year/period	**1,481,438**	2,977,753

Share of accumulated losses in joint ventures	**2023** RMB	2022 RMB
Opening balance	**(19,832,247)**	(5,485,380)
Addition	**(1,175,387)**	(14,346,867)
Disposal	**589,072**	–
Closing balance	**(20,418,562)**	(19,832,247)

Notes to the Financial Statements

for the financial year ended 30 June 2023

9 **Investment in joint ventures (Cont'd)**

Details of the joint ventures at the end of the reporting period are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interests		Principal activities
		2023	2022	
Held through subsidiaries:		**%**	%	
Wuxi Shi Yueshang Outlets Co., Ltd. [(1)]	(People's Republic of China ("PRC"))	**50**	50	Operation and management of retail malls
Guangan Shi Yueshang Commercial Management Co., Ltd. [(3)]	PRC	**–**	51	Operation and management of retail malls [(4)]
Zhangzhou Shi Yueshang Outlets Co., Ltd.	PRC	**50**	50	Operation and management of retail malls [(4)]
Lu'an Shi Yueshang Cheng Commercial Management Co., Ltd. [(3)]	PRC	**–**	20	Operation and management of retail malls [(4)]
Beijing Yueshang Commercial Co., Ltd [(3)]	PRC	**–**	20	Operation and management of retail malls [(4)]
Nanjing Shi Yueshang Commercial Management Co., Ltd [(3)]	PRC	**–**	30	Operation and management of retail malls [(4)]
Zibo Shi Yueshang Commercial Management Co., Ltd [(2)]	PRC	**–**	51	Operation and management of retail malls [(4)]
Quanzhou Shi Yueshang Outlet Commercial Co. Ltd	PRC	**50**	50	Operation and management of retail malls [(4)]

(1) Audited by Foo Kon Tan LLP for consolidation purposes.

(2) De-registered during the year.

(3) Sold to the respective joint venture partners at a total consideration of RMB 910,000.

(4) The company has not commenced operations during the year/period.

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for the financial year ended 30 June 2023

9　Investment in joint ventures (Cont'd)

In February 2019, Wuxi Shi Yueshang Outlets Co., Ltd. (50% owned by the Group's wholly-owned subsidiary, Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd.), was incorporated. The Group jointly controls the joint venture with other partner under the contractual agreement that requires unanimous consent for all major decisions over the relevant activities. The Group injected RMB 4,530,000 in 2019 and RMB 9,000,000 in 2020 into the joint venture, while the other shareholder who holds 50% interest in Wuxi Shi Yueshang Outlets Co., Ltd contributed RMB 1,500,000.

In the previous reporting period, the Group further injected RMB 6,870,000 into Wuxi Shi Yueshang Outlets Co., Ltd., making a total capital contribution of RMB 20,400,000 as at 30 June 2022. The other shareholder contributed RMB 18,900,000 during the year and together with RMB 1,500,000 contributed in prior year as disclosed above, total contribution amounted to RMB 20,400,000.

In April 2019, Guangan Shi Yueshang Commercial Management Co., Ltd. (51% owned by the Group's wholly-owned subsidiary, Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd.), was incorporated. The Group jointly controls the joint venture with other partner under the contractual agreement that requires unanimous consent for all major decisions over the relevant activities. The Group injected RMB 510,000 into the joint venture which has not commenced operation, and the other shareholder who holds the remaining 49% interest in Guangan Shi Yueshang Commercial Management Co., Ltd. has contributed RMB 490,000.

In the previous reporting period, Zhangzhou Shi Yuecheng Outlets Co., Ltd., Lu'an Shi Yueshang Cheng Commercial ManagementCo., Ltd, Beijing Yueshang Commercial Co., Ltd, Nanjing Shi Yueshang Commercial Management Co., Ltd and Quanzhou Shi Yuecheng Outlet Commerical Co. Ltd (owned by the Group's wholly-owned subsidiary, Zhongmin Baihui (China) Retail Group Co., Ltd. holding interests of 50%, 20%, 20%, 30% and 50%, respectively), were incorporated. The Group jointly controls the joint ventures with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities. During the period ended 30 June 2022, the Group injected RMB 1,500,000, RMB 200,000 and RMB 200,000, respectively into Zhangzhou Shi Yueshang Outlets Co., Ltd., Lu'an Shi Yueshang Cheng Commercial Management Co., Ltd. and Beijing Yueshang Commercial Co., Ltd. There was no contribution made to the paid-up capital in Nanjing Shi Yueshang Commercial Management Co., Ltd and and Quanzhou Shi Yuecheng Outlet Commercial Co. Ltd yet.

Notes to the Financial Statements
for the financial year ended 30 June 2023

9 Investment in joint ventures (Cont'd)

The summarised financial information of the joint ventures, not adjusted for the proportion of ownership interest held by the Group at 30 June 2023 and 30 June 2022, is as follows:

	Wuxi Shi Yueshang Outlets Co., Ltd.		Guangan Shi Yueshang Commercial Management Co., Ltd.		Zhangzhou Shi Yueshang Outlets Co., Ltd.		Lu'an Shi Yueshang Cheng Commercial Management Co., Ltd.		Beijing Yueshang Commercial Co., Ltd		Nanjing Shi Yueshang Commercial Management Co., Ltd	
	30 June 2023	30 June 2022	**30 June 2023**	30 June 2022	**30 June 2023**	30 June 2022	**30 June 2023**	30 June 2022	**30 June 2023**	30 June 2022	**30 June 2023**	30 June 2022
Summarised statements of financial position	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB
Non-current assets	**285,969,756**	197,684,529	–	–	**–**	–	–	34,713	–	40,943	–	242,727
Current assets	**161,521,957**	90,509,065	–	375,864	**2,961,327**	2,961,542	–	1,298,495	–	510,793	–	1,280,862
Total assets	**447,491,713**	288,193,594	–	375,864	**2,961,327**	2,961,542	–	1,333,208	–	551,736	–	1,523,589
Non-current liabilities	**135,000,000**	76,701,220	–	–	–	–	–	–	–	–	–	–
Current liabilities	**328,318,924**	209,184,186	–	45,023	–	–	–	862,268	–	151,884	–	2,942,489
Total liabilities	**463,318,924**	285,885,406	–	45,023	–	–	–	862,268	–	151,884	–	2,942,489
Net (liabilities)/ assets	**(15,827,211)**	2,308,188	–	330,841	**2,961,327**	2,961,542	–	470,940	–	399,852	–	(1,418,900)
Proportion of the Group's ownership	50%	50%	–	51%	50%	50%	–	20%	–	20%	–	30%
Group's share of net (liabilities)/assets	**(7,913,606)**	1,154,094	–	168,729	**1,480,664**	1,480,771	–	94,188	–	79,971	–	–

9 Investment in joint ventures (Cont'd)

Summarised statement of comprehensive income

	Wuxi Shi Yueshang Outlets Co., Ltd.		Guangan Shi Yueshang Commercial Management Co., Ltd.		Zhangzhou Shi Yueshang Outlets Co., Ltd.		Lu'an Shi Yueshang Cheng Commercial Management Co., Ltd.		Beijing Yueshang Commercial Co., Ltd		Nanjing Shi Yueshang Commercial Management Co., Ltd	
	Year ended 30 June 2023	Period from 1 January 2021 to 30 June 2022	**Year ended 30 June 2023**	Period from 1 January 2021 to 30 June 2022	**Year ended 30 June 2023**	Period from 1 January 2021 to 30 June 2022	**Year ended 30 June 2023**	Period from 1 January 2021 to 30 June 2022	**Year ended 30 June 2023**	Period from 1 January 2021 to 30 June 2022	**Year ended 30 June 2023**	Period from 1 January 2021 to 30 June 2022
	RMB	RMB	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB	**RMB**	RMB
Revenue	**344,362,639**	22,018	**–**	–	**–**	–	**56,898**	273,185	**2,294**	9,174	**–**	–
(Loss)/profit after tax, representing total comprehensive (loss)/income for the year/period	**(24,300,385**[(1)]	(28,095,750)	**–**	(105,728)	**1,333**	(38,458)	**(23,965)**	(529,059)	**(85,834)**	(600,148)	**–**	(1,418,899)

(1) There is no dividend received from the joint ventures during the current and previous financial years.

The unrecognised share of loss of joint venture for the year is RMB 10,996,098 (2022 – RMB Nil) and the cumulative unrecognised share of loss of joint venture is RMB 10,996,098 (2022 - RMB Nil).

Notes to the Financial Statements

for the financial year ended 30 June 2023

10 Investment in associates

The Group	2023 RMB	2022 RMB
Shares, at cost	**71,900,000**	36,500,000
Additional investment	**–**	35,400,000
Share of accumulated profits	**46,840,404**	29,364,869
Dividends received	**(41,520,828)**	(24,569,159)
At end of year/period	**77,219,576**	76,695,710

Details of the associates at the end of the reporting period are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interests 2023 %	Proportion of ownership interests 2022 %	Principal activities
Held through subsidiaries:				
Citi-Base Commerce Logistics (Xiamen) Co., Ltd. [(1)]	PRC	**30.0**	30.0	Property development
Changsha City Shamin Enterprise Management Co., Ltd. ("CSSM") [(1)]	PRC	**47.5**	47.5	Operation and management of retail malls
Held by Citi-Base Commerce Logistics (Xiamen) Co., Ltd.:				
Xiamen Citi-Base Commerce Co., Ltd. [(1)]	PRC	**30.0**	30.0	Operation of exhibition and promotion of imported goods and management of service apartments
Held by Changsha City Shamin Enterprise Management Co., Ltd.:				
Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. [(1),(2),]	PRC	**24.2**	24.2	Operation and management of retail malls

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

(2) Audited by Zhongrong Consulting Group, China for Group reporting purposes.

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its associate companies would not compromise the standard and effectiveness of the audit of the Group and of the Company.

Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd is a strategic partner in the operation and management of retail malls in Changsha City, China for the Group and Citi-Base Commerce Logisitcs (Xiamen) Co., Ltd. acts as a strategic partner in the property development and retail businesses in LunChang City, China.

Notes to the Financial Statements

for the financial year ended 30 June 2023

10 Investment in associates (Cont'd)

The summarised financial information in respect of Citi-Base Commerce Logistics (Xiamen) Co., Ltd. and CSSM not adjusted for the proportion of ownership interest held by the Group, are as follows:

Summarised statement of financial position

	Citi-Base Commerce Logistics (Xiamen) Co., Ltd. and its subsidiary		Changsha City Shamin Enterprise Management Co., Ltd. and its subsidiary	
	30 June 2023 RMB	30 June 2022 RMB	**30 June 2023 RMB**	30 June 2022 RMB
Non-current assets	**318,432,526**	271,603,222	**41,502,316**	44,921,079
Current assets	**19,475,875**	9,726,412	**20,347,663**	6,837,003
Total assets	**337,908,401**	281,329,634	**61,849,979**	51,758,082
Non-current liabilities	**24,000,000**	71,705,121	**–**	–
Current liabilities	**117,066,820**	28,500,000	**1,545**	453
Total liabilities	**141,066,820**	100,205,121	**1,545**	453
Net assets	**196,841,581**	181,124,513	**61,848,434**	51,757,629
Less: Merger reserve arising from acquisition under common control	**(7,421,727)**	(7,421,727)	**–**	–
Proportion of the Group's ownership	30%	30%	47.5%	47.5%
Group's share of net assets	**56,825,956**	52,110,836	**29,378,006**	24,584,874

Summarised statement of comprehensive income

	Citi-Base Commerce Logistics (Xiamen) Co., Ltd. and its subsidiary		Changsha City Shamin Enterprise Management Co., Ltd. and its subsidiary	
	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Revenue	**7,306,212**	514,929	–	–
(Loss)/profit after tax, representing total comprehensive(loss)/income for the year	**(14,230,887)**	(11,909,217)	**45,778,528**	56,568,542
Dividend received from associate	**–**	–	**16,951,668**	24,569,160

Notes to the Financial Statements

for the financial year ended 30 June 2023

11 Deferred tax assets/(liabilities)

	The Group				The Company	
	Consolidated statement of financial position		Consolidated statement of profit or loss		Statement of financial position	
			Year ended 30 June	Period from 1 January 2021 to 30 June		
	2023 RMB	2022 RMB	**2023 RMB**	2022 RMB	**2023 RMB**	2022 RMB
Deferred tax assets:						
Differences due to pre-opening expenses	**–**	–	**–**	(24,335)	**–**	–
Differences due to recognition of right-of-use assets and the corresponding lease liabilities	**7,468,811**	5,891,040	**1,577,631**	(7,325,312)	**1,023**	1,263
Accumulated impairment loss on property, plant and equipment	**1,190,183**	1,190,183	**–**	(2,253,112)	**–**	–
Accrued of loyalty points	**2,482,565**	859,764	**1,622,801**	329,344	**–**	–
Others	**(28,841)**	–	**(28,841)**	–	**–**	–
	11,112,718	7,940,987	**3,171,591**	(9,273,415)	**1,023**	1,263
Deferred tax liabilities:						
Withholding tax from the expected remittance of dividend from subsidiaries	**(12,974,930)**	(9,987,176)	**(1,817,941)**	(919,773)	**(12,974,930)**	(9,987,176)
Differences in step rental income	**(598,276)**	(600,721)	**2,445**	345,866	–	–
Differences arising from the recognition favourable lease Agreements	**–**	–	**–**	149,900	–	–
Accrued breakage gain from sale of prepaid cards	**(3,322,900)**	(2,580,434)	**(742,466)**	(599,095)	–	–
Accrued interest income from fixed deposits	**(1,012,365)**	(1,576,747)	**564,382**	(954,928)	–	–
	(17,908,471)	(14,745,078)	**(1,993,580)**	(1,978,030)	**(12,974,930)**	(9,987,176)
Deferred income tax credit/(expense)			**1,178,011**	(11,251,445)		

	The Group		The Company	
	2023 RMB	2022 RMB	**2023 RMB**	2022 RMB
Deferred tax assets				
To be recovered - After one year	**11,112,718**	7,940,987	**1,023**	1,263
Deferred tax liabilities				
To be settled - After one year	**(17,908,471)**	(14,745,078)	**(12,974,930)**	(9,987,176)

Notes to the Financial Statements

for the financial year ended 30 June 2023

11 Deferred tax assets/(liabilities) (Cont'd)

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 interest in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, there are no unrecognised temporary differences relating to investments in subsidiaries on the undistributed earnings of certain Group's subsidiaries.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately RMB 105,304,524 (2022 - RMB 119,772,000) 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 (2022 – RMB Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in Note 33 of the financial statements.

12 Inventories

The Group	**2023** **RMB**	2022 RMB
Statement of financial position:		
Finished goods (at lower of cost or net realisable value)	**161,549,261**	169,749,086
Statement of profit or loss:		
Inventories recognised as an expense in cost of sales	**751,517,770**	1,231,286,029

Included in the inventories is RMB 68,630,536 (2022 – RMB 67,250,053), which relates mainly to gold jewelleries.

Inventories of RMB 161,549,261 (2022 – RMB 169,749,086) are expected to be recovered within 12 months from the reporting date.

Notes to the Financial Statements

for the financial year ended 30 June 2023

13 Prepayments

	The Group		The Company	
	2023	2022	**2023**	2022
	RMB	RMB	**RMB**	RMB
Current				
Advance payments to suppliers	**6,579,991**	15,571,154	**–**	–
Other prepayments	**1,727,045**	4,199,038	**55,236**	30,696
	8,307,036	19,770,192	**55,236**	30,696

14 Trade and other receivables

	The Group		The Company	
	2023	2022	**2023**	2022
	RMB	RMB	**RMB**	RMB
Current:				
Trade receivables	**3,928,527**	6,692,552	**–**	–
Other deposits	**175,375**	1,018,065	**375**	38,986
Other receivables (1)	**20,798,728**	25,075,228	**–**	–
	24,902,630	32,785,845	**375**	38,986
Non-current:				
Other receivables (2)	**5,829,959**	5,583,667	**6,712**	3,176
Rental deposits	**4,992,151**	5,730,520	**70,641**	63,488
	10,822,110	11,314,187	**77,353**	66,664
Add:				
Amount due from a subsidiary (Note 15)	**–**	–	**27,322,306**	42,352,103
Amount due from associates (Note 16)	**38,400,000**	15,900,000	**–**	–
Amount due from a joint venture (Note 17)	**207,522,724**	193,010,472	**–**	–
Amount due from related parties (Note 18)	**4,468,764**	8,649,372	**–**	–
Cash at banks and fixed deposits (Note 19)	**192,237,249**	189,770,127	**6,509,053**	2,723,552
Restricted cash at bank and fixed deposits (Note 20)	**40,100,000**	40,000,000	**–**	–
Total financial assets held at amortised cost	**518,453,477**	491,430,003	**33,909,087**	45,181,305

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.

The movement in allowance for rental deposits and other receivables are as follow:

	Other receivables	
	2023	2022
The Group	**RMB**	RMB
Movement in allowance accounts:		
At beginning and at end of year/period	**4,523,900**	4,523,900

(1) Other receivables mainly relate to (i) interest receivables from banks, (ii) recoverable from staff and suppliers.

(2) Other receivables mainly relate to imputed interest from the unwinding of the deposit paid to landlord.

Notes to the Financial Statements

for the financial year ended 30 June 2023

15 Amount due from a subsidiary

The Company	**2023 RMB**	2022 RMB
Amount due from a subsidiary (non-trade)	**27,322,306**	42,352,103

Amount due from a subsidiary is unsecured, interest bearing and is repayable on demand.

16 Amount due from associates

	The Group		The Company	
	2023 RMB	2022 RMB	**2023 RMB**	2022 RMB
Non-trade	**38,400,000**	15,900,000	**–**	–

Non-trade amount due from associates, representing advances and payments on behalf is unsecured, non-interest bearing and repayable on demand.

17 Amount due from a joint venture

	The Group		The Company	
	2023 RMB	2022 RMB	**2023 RMB**	2022 RMB
Non-trade	**207,522,724**	193,010,472	**–**	–

Amount due from a joint venture, representing advances is unsecured, non-interest bearing and repayable on demand.

18 Amount due from/due to related parties

The Group	**2023 RMB**	2022 RMB
Amount due from a related party (trade) [(1)]	**299,530**	738,440
Amount due from a related party (non-trade) [(3)]	**4,169,234**	7,910,932
	4,468,764	8,649,372
Amount due to related parties (trade) [(1)]	**413,416**	387,127
Amount due to related parties (non-trade) [(2),(3)]	**22,432,756**	22,819,899
	22,846,172	23,207,026

(1) Trade amounts due from/to related parties are unsecured, non-interest bearing and has 30 days credit terms.

(2) Amounts due to related parties (non-trade) arose when customers made purchases using the Group's prepaid cards at the managed stores under the related parties. The amount is unsecured, interest free and repayable on demand

(3) Non-trade amounts due from /(to) related parties are unsecured, interest free and repayable on demand

Notes to the Financial Statements

for the financial year ended 30 June 2023

19 Cash at banks and fixed deposits

	The Group		The Company	
	2023	2022	**2023**	2022
	RMB	RMB	**RMB**	RMB
Cash at banks	**152,237,249**	149,770,127	**6,509,053**	2,723,552
Fixed deposits	**40,000,000**	40,000,000	**–**	–
Total cash at banks and fixed deposits	**192,237,249**	189,770,127	**6,509,053**	2,723,552

The fixed deposits carry an effective interest rate of 3.10% (2022 – 3.99%) per annum which mature between 10 February 2026 to 17 February 2026 (2022 – 29 June 2023).

Cash at banks are denominated in foreign currency as at 30 June is as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	RMB	RMB	**RMB**	RMB
United States Dollars	**13**	13	**–**	–

RMB is not freely convertible to other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of China is subject to exchange restrictions imposed by the PRC government.

20 Restricted cash at bank and fixed deposits

Restricted cash at bank and fixed deposits comprise of (i) a guarantee deposit of RMB 100,000 (2022- RMB Nil) placed with an supplier, (ii) fixed deposits of RMB 40,000,000 (2022- RMB 40,000,000) pledged to a bank for the loan (Note 24). The fixed deposits mature between 10 February 2026 to 17 February 2026 (2022 – 29 June 2023). The weighted average effective interest rates as at 30 June 2023 for the Group were 3.87% (2022-3.99%).

21 Share capital

	← Number of ordinary shares →		← Amount →	
The Group and The Company	**2023**	2022	**2023**	2022
			RMB	RMB
Issued and fully paid with no par value:				
Balance at beginning and end of year	**196,320,000**	196,320,000	**67,147,926**	67,147,926

The holders of ordinary shares (except treasury 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.

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22 Treasury shares

The Group and The Company	Number of ordinary shares 2023	2022	Amount 2023 RMB	2022 RMB
Balance at beginning	**4,572,300**	4,552,300	**25,092,662**	25,030,914
Purchase of treasury shares	**–**	20,000	**–**	61,748
Balance at end	**4,572,300**	4,572,300	**25,092,662**	25,092,662

Treasury shares relate to ordinary shares of the Company that is held by the Company.

In the previous financial year, the Company acquired 20,000 shares with a consideration of RMB 61,748.

23 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 currency.

(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 30 June 2023

24 Loans and borrowings

The Group	Interest rate	Maturity	**2023 RMB**	2022 RMB
Current interest-bearing loans and borrowings				
Lease liabilities [Note 6(b)]	3.5% - 4.4%	Jun 2039	**64,798,668**	65,998,222
S$8,000,000 non-convertible bonds [1]	6.5%	May 2023	**–**	38,503,584
Bank loan [2], [3]	2.5% -3.55%	Jul 2023 to Jun 2024	**131,060,871**	110,226,701
Total current interest-bearing loans and borrowings			**195,859,539**	214,728,507
Non-current interest-bearing loans and borrowings				
Lease liabilities [Note 6(b)]	3.5% - 4.4%	Jun 2039	**233,723,801**	328,457,348
S$8,000,000 non-convertible bonds [1]	3.8%	Mar 2026	**41,563,412**	–
Bank loan [2], [3]	2.5%	Jul 2025	**7,520,716**	20,834,622
Total non-current interest-bearing loans and borrowings			**282,807,929**	349,291,970
Total interest-bearing loans and borrowings			**478,667,468**	564,020,477

The Company	Interest rate	Maturity	**2023 RMB**	2022 RMB
Current interest-bearing loans and borrowings				
Lease liabilities [Note 6(b)]	3.5%	May 2024	**266,755**	254,318
S$8,000,000 non-convertible bonds [1]	6.5%	May 2023	**–**	38,503,584
S$5,000,000 bank loan [2]	2.5%	Jun 2024	**6,760,871**	5,926,701
Total current interest-bearing loans and borrowings			**7,027,626**	44,684,603
Non-current interest-bearing loans and borrowings				
Lease liabilities [Note 6(b)]	3.5%	May 2024	**–**	236,627
S$8,000,000 non-convertible bonds [1]	3.8%	Mar 2026	**41,563,412**	–
S$5,000,000 bank loan [2]	2.5%	Jul 2025	**7,520,716**	12,834,622
Total non-current interest-bearing loans and borrowings			**49,084,128**	13,071,249
Total interest-bearing loans and borrowings			**56,111,754**	57,755,852

[1] S$8,000,000 non-convertible bonds

On 28 May 2020, the Company has issued a S$8,000,000 non-convertible bond to bond subscribers with a coupon rate of 6.5% per annum over 3 years. The interest is payable semi-annually. The proceeds from the bond issue shall be used for such purposes as the Company deems fit, including, but not limited to, for the financing of construction of Wuxi Outlet mall project and for its working capital use. On 28 May 2023, the bond had been fully redeemed.

On 30 March 2023, the Company has issued a S$8,000,000 non-convertible bond to new bond subscriber with a coupon rate of 3.8% per annum over 3 years. The interest is payable with the principal on the maturity date. The proceeds from the new bond were used to repay the bond due on 28 May 2023.

Notes to the Financial Statements

for the financial year ended 30 June 2023

24 Loans and borrowings (Cont'd)

(2) Bank loan - S$5,000,000

On 15 May 2020, the Company obtained and drew down a S$5,000,000 banking facility for 5 years from UOB bank, with interest rate at 2.5% p.a.. The loan is unsecured and is repayable in monthly instalment over 48 months commencing from August 2021 to July 2025. As at 30 June 2023, the outstanding principal is about S$ 2.7 million.

(3) Bank loan - RMB124,300,000

The loan comprises RMB10,000,000 which is unsecured and RMB114,300,000 which is secured over a property of approximately RMB 84,780,174 (2022 – RMB 90,538,683) as disclosed in Note 5 and the restricted cash at bank and deposits (Note 20). The interest rate ranges from 3.5% to 3.55% p.a. and is repayable over a few repayment dates, commencing with the first repayment in July 2023 to the last repayment on June 2024.

25 Trade and other payables

	The Group		The Company	
	2023	2022	**2023**	2022
	RMB	RMB	**RMB**	RMB
Trade payables - External parties	**242,606,966**	270,323,716	**–**	–
Other payables	**191,797,532**	177,325,028	**382,913**	422
	434,404,498	447,648,744	**382,913**	422
Add:				
Accrued operating expenses (Note 26)	**28,054,257**	51,992,940	**3,001,546**	2,737,921
Amount due to related parties (Note 18)	**22,846,172**	23,207,026	**–**	–
Interest-bearing loans and borrowings (Note 24)	**478,667,468**	564,020,477	**56,111,754**	57,755,852
Less:				
Advances from customers	**(175,143,879)**	(154,285,004)	**–**	–
Total financial liabilities carried at amortised cost	**788,828,516**	932,584,183	**59,496,213**	60,494,195

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

26 Other assets/(liabilities)

	The Group		The Company	
	2023	2022	**2023**	2022
	RMB	RMB	**RMB**	RMB
Non-current assets:				
Rent-free incentives and step rental income				
Provision	**–**	2,402,884	**–**	**–**
Non-current liabilities:				
Rent-free incentives and step rental income				
Provision	**(462,488)**	–	**–**	**–**
Current liabilities:				
Accrued operating expenses (Note 25)	**(28,054,257)**	(51,992,940)	**(3,001,546)**	(2,737,921)

Notes to the Financial Statements

for the financial year ended 30 June 2023

27(a) Other income

The Group	Note	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Other income:			
Advertisement and promotional income		**69,024,970**	101,908,301
Income earned from the early termination of leases by lessee		**8,052,673**	–
Leisure facilities fees		**933,683**	1,824,534
Management fees	31(a)	**4,924,528**	7,372,642
Net gain on disposal of property, plant and equipment		**1,859**	431,957
Net gain on de-recognition of right-of-use assets		**10,530,588**	–
Net gain on disposal of investment in joint ventures		**21,960**	–
Gain on discounts on bond		**1,269,984**	–
Government grants		**1,633,155**	5,046,182
Exchange gain		**–**	1,547,070
Income from the sale of recycled products		**1,384,572**	1,789,912
Others		**8,489,794**	10,590,816
		106,267,766	130,511,414

27(b) Interest income

The Group	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Interest income:		
Fixed deposits	**5,311,903**	8,248,742
Imputed interest from deposit paid to landlords	**1,246,490**	79,754
Others	**504,271**	432,127
	7,062,664	8,760,623

Notes to the Financial Statements

for the financial year ended 30 June 2023

27(c) Selling and distribution expenses

The Group	Note	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Selling and distribution expenses:			
Employee benefit expense			
- Defined contribution plans		**5,547,363**	17,508,900
- Salaries, wages, bonuses and other costs		**72,689,835**	110,887,138
Advertisement and promotion fees		**6,807,215**	11,134,438
Business and surcharges		**7,352,502**	11,295,014
Consulting fee		**996,217**	1,527,969
Depreciation of right-of-use assets	6(a)	**61,941,476**	98,838,530
Utilities		**25,420,031**	35,421,588
Upkeep and maintenance of properties		**3,871,854**	6,178,179
Freight charges		**4,511,190**	7,648,462
Office supplies		**4,678,714**	8,651,358
Others		**4,393,477**	12,854,827
		198,209,874	321,946,403

Others related mainly to printing and other miscellaneous expenses.

27(d) Administrative expenses

The Group	Note	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Administrative expenses:			
Employee benefit expenses			
- Defined contribution plans		**1,660,917**	10,310,440
- Salaries, wages, bonuses and other costs		**66,554,233**	96,863,469
Audit fees		**1,988,419**	3,187,118
Amortisation of step rental income		**2,865,373**	1,383,463
Bank charges		**2,647,775**	4,700,935
Directors' fees		**751,586**	1,047,372
Depreciation of property, plant and equipment	5	**13,583,907**	19,421,253
Exchange loss		**4,013,542**	–
Impairment on property, plant and equipment	5	**–**	9,068,225
Property, plant and equipment written off	5	**10,524,377**	–
Impairment/(write-back) on right-of-use assets	6	**4,032,172**	(6,151,268)
Reversal of provision for termination of lease		**(10,370,623)**	(1,762,413)
Provision for termination of lease		**–**	17,145,589
Property tax		**848,224**	1,585,010
Tax fee		**26,389**	13,192
Telephone		**1,343,899**	2,101,808
Travelling		**1,504,001**	2,127,006
Others		**5,489,319**	16,460,791
		107,463,510	177,501,990

Others related mainly to printing, transport, entertainment and other miscellaneous expenses.

Notes to the Financial Statements

for the financial year ended 30 June 2023

27(e) Finance costs

The Group	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Finance costs:		
Bond	**3,034,035**	3,718,730
Lease liabilities	**15,097,568**	20,152,771
Loans	**4,259,273**	3,490,407
	22,390,876	27,361,908

27(f) Profit/(loss) before taxation

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

The Group	Note	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Other income:			
Net gain on disposal of property, plant and equipment		**1,859**	431,957
Net gain on de-recognition of right-of-use assets		**10,530,588**	–
Net gain on disposal of investment in joint ventures		**21,960**	–
Gain on discounts on bond		**1,269,984**	–
Government grants		**1,633,155**	5,046,182
Exchange gain		**–**	1,547,070
Selling and distribution expenses:			
Employee benefit expense			
- Defined contribution plans		**(5,547,363)**	(17,508,900)
- Salaries, wages, bonuses and other costs		**(72,689,835)**	(110,887,138)
Advertisement and promotion fees		**(6,807,215)**	(11,134,438)
Business and surcharges		**(7,352,502)**	(11,295,014)
Depreciation of right-of-use assets	6(a)	**(61,941,476)**	(98,838,530)
Administrative expenses:			
Audit fee:			
- Auditors of the Company		**(1,489,429)**	(3,187,118)
- Under provision in respect of prior years		**(238,712)**	–
Non-audit fees, audit-related services (“ARS”)			
- Auditors of the Company		**(260,278)**	–
Non-audit fees, non audit-related services (“Non ARS”)			
- Auditors of the Company		**(26,389)**	(13,192)
Employee benefit expenses			
- Defined contribution plans		**(1,660,917)**	(10,310,440)
- Salaries, wages, bonuses and other costs		**(66,554,233)**	(96,863,469)
Amortisation of step rental income		**(2,865,373)**	(1,383,463)
Directors’ fees		**(751,586)**	(1,047,372)
Depreciation of property, plant and equipment	5	**(13,583,907)**	(19,421,253)
Exchange loss		**(4,013,542)**	–
Reversal/(impairment) on property, plant and equipment	5	**201,614**	(9,068,225)
Property, plant and equipment written off	5	**(10,524,377)**	–
(Impairment) /write-back on right-of-use assets	6(a)	**(4,032,172)**	6,151,268
Reversal of provision for termination of lease	26	**10,370,623**	1,762,413
Provision for termination of lease		**–**	(17,145,589)

Notes to the Financial Statements

for the financial year ended 30 June 2023

28 Income tax expense

(a) *Major components of income tax expense*

The major components of taxation for the year ended 30 June 2023 and period ended 30 June 2022 are:

The Group	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Consolidated income statement:		
Current income tax		
- Current income taxation	**4,634,210**	8,396,071
- Over provision in prior year	**(6,524,400)**	–
Deferred tax expense (Note 11)		
- Origination and reversal of temporary differences	**(1,178,011)**	11,251,445
- Under provision of deferred taxation in respect of prior years	**–**	13,128,166
Income tax (credit)/expense recognised in profit or loss	**(3,068,201)**	32,775,682

(b) *Relationship between tax expense and accounting profit /(loss)*

A reconciliation between tax and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the year ended 30 June 2023 and period ended 30 June 2022 are as follows:

The Group	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Profit/(loss) before taxation	**17,613,279**	(268,290)
Share of results of associates and joint ventures, net of tax	**(16,300,148)**	(8,950,425)
	1,313,131	(9,218,715)
Tax at the domestic rates applicable to profits in the countries where the Group operates	**528,235**	(1,292,749)
Adjustments:		
Non-taxable income(1)	**(1,679,480)**	–
Non-deductible expenses(2)	**412,582**	6,206,453
Deferred tax assets not recognised	**4,194,861**	14,094,870
Under provision of deferred taxation in respect of prior years	**–**	13,128,166
Over provision of current taxation in respect of prior years	**(6,524,399)**	–
Others	**–**	638,942
Tax (credit)/expenses recognised in profit or loss	**(3,068,201)**	32,775,682

The corporate income tax rates applicable to Singapore and China companies of the Group are 17% and 25%, respectively.

(1) This relates mainly to non-taxable income occurred in the ordinary course of business which includes income earned from the early termination of leases by lessees, gain on disposal of property, plant and equipment, gain on de-recognition of right-of-use assets, gain on disposal of investment in joint ventures and gain on discounts on bond.

(2) This relates mainly to disallowed expenditures incurred in the ordinary course of business which includes foreign exchange losses and impairment of right-of-use assets.

Notes to the Financial Statements

for the financial year ended 30 June 2023

29 Earnings/(loss) per share

Basic and diluted earnings per share are calculated by dividing the profit/(loss) for the year, net of tax, attributable to owners of the Company for the period by the weighted average number of ordinary shares outstanding of 191,747,700 (2022 - 191,758,616).

30 Commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

The Group	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Contracted but not provided for:		
Capital contribution - investment in subsidiaries, associates and joint ventures	**44,400,000**	97,700,000

31 Related party transactions

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year/period:

The Group	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB
Concessionaire income from companies in which Directors have an interest	**1,366,224**	2,005,108
Revenue from usage of sold prepaid cards from company in which Directors have an interest	**1,740,441**	986,197
Advertisement income received from companies in which Directors have an interest	**328,396**	68,750
Management fees from a company in which Directors have an interest	**4,924,528**	7,372,642
Sales commission charged by a company in which Directors have an interest	**417,009**	979,918
Depreciation of right to use lease properties owned by a company in which Directors have an interest	**4,804,325**	6,773,873
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	**466,583**	962,527

Notes to the Financial Statements

for the financial year ended 30 June 2023

31 Related party transactions (Cont'd)

(b) *Compensation of key management personnel*

	The Group		The Company	
	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Short-term employee benefits	**6,451,162**	7,145,820	**4,270,759**	4,605,393
Defined contribution plans	**243,682**	199,631	**215,404**	165,460
	6,694,844	7,345,451	**4,486,163**	4,770,853

Comprise amounts paid to:

	The Group		The Company	
	Year ended 30 June 2023 RMB	Period from 1 January 2021 to 30 June 2022 RMB	**Year ended 30 June 2023 RMB**	Period from 1 January 2021 to 30 June 2022 RMB
Directors of the Company	**3,605,810**	4,813,297	**2,679,025**	3,656,950
Other key management personnel	**3,089,034**	2,532,154	**1,807,138**	1,113,903
	6,694,844	7,345,451	**4,486,163**	4,770,853

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 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 board of directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current financial year and previous financial period, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(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 short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy to monitor receivable balances on an ongoing basis with the result that the Group's exposure to bad debts is not unduly significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group and the Company's historical information.

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 Financial risk management objectives and policies (Cont'd)

(a) *Credit risk (cont'd)*

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The Group measured the impairment loss allowance using provision matrix and determined that the ECL is insignificant.

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 in the statement of financial position.

The Group's credit risk framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 Financial risk management objectives and policies (Cont'd)

(a) *Credit risk (cont'd)*

Exposure to credit risk (Cont'd)

The tables below detail the credit quality of the Group's and the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

The Group	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount RMB	Loss allowance RMB	Net carrying amount RMB
2023					
Trade receivables	(a)	Lifetime	**3,928,527**	**–**	**3,928,527**
Other receivables	Performing	12-month	**31,796,213**	**–**	**31,796,213**
Amount due from associates	(b)	12-month	**38,400,000**	**–**	**38,400,000**
Amount due from a joint venture	(b)	12-month	**207,522,724**	**–**	**207,522,724**
Amount due from related parties	(b)	12-month	**4,468,764**	**–**	**4,468,764**
2022					
Trade receivables	(a)	Lifetime	6,692,552	–	6,692,552
Other receivables	Performing	12-month	37,407,480	–	37,407,480
Amount due from associates	(b)	12-month	15,900,000	–	15,900,000
Amount due from a joint venture	(b)	12-month	193,010,472	–	193,010,472
Amount due from related parties	(b)	12-month	8,649,372	–	8,649,372

Cash and cash equivalents, fixed deposits and other receivables are subject to immaterial credit loss.

The Group	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount RMB	Loss allowance RMB	Net carrying amount RMB
2023					
Other receivables	Performing	12-month	**77,728**	**–**	**77,728**
Amount due from a subsidiary	Performing	12-month	**27,322,306**	**–**	**27,322,306**
2022					
Other receivables	Performing	12-month	105,650	–	105,650
Amount due from a subsidiary	Performing	12-month	42,352,103	–	42,352,103

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 Financial risk management objectives and policies (Cont'd)

(a) *Credit risk (cont'd)*

Exposure to credit risk (Cont'd)

(a) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The management has also been performing more frequent reviews of sales limits for retail tenants. The recovery from these receivables is assessed individually after consideration of any collateral.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due.

(b) Amount due from associates, joint venture and related parties

Non-trade amounts due from associates, a joint venture and related parties relate to advances and payments made on behalf of the Group. These balances are considered to have low credit risk as the Group has control or significant influence over the operating, investing and financing activities of the associates and joint ventures.

There has been no significant increase in the credit risk of the amount due from associates, joint ventures and related parties since initial recognition. In determining the ECL, management has taken into account the finances and business performance of the associates, joint venture and related parties, and a forward-looking analysis of the financial performance of the associates, joint venture and related parties.

Management has assessed that the Group is not exposed to significant credit loss in respect of the non-trade amounts due from associates, joint venture and related parties.

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 Financial risk management objectives and policies (Cont'd)

(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 exposures 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, dividends received from associates and bank borrowings to support its working capital.

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 used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

The Group	Less than 1 year RMB	More than 1 year RMB	Total RMB
At 30 June 2023			
Financial assets:			
Trade and other receivables [(1)]	**24,727,255**	**–**	**24,727,255**
Deposits	**260,750**	**14,179,810**	**14,440,560**
Amount due from associates	**38,400,000**	**–**	**38,400,000**
Amount due from a joint venture	**207,522,724**	**–**	**207,522,724**
Amount due from related parties	**4,468,764**	**–**	**4,468,764**
Restricted cash and bank deposits	**100,000**	**40,000,000**	**40,100,000**
Cash and fixed deposits	**152,237,249**	**40,000,000**	**192,237,249**
Total undiscounted financial assets	**427,716,742**	**94,179,810**	**521,896,552**
Financial liabilities:			
Trade and other payables	**259,260,619**	**–**	**259,260,619**
Accrued operating expenses	**28,054,257**	**–**	**28,054,257**
Amount due to related parties	**22,846,172**	**–**	**22,846,172**
Lease liabilities	**66,166,878**	**305,030,120**	**371,196,998**
Bank loan	**133,154,450**	**7,630,839**	**140,785,289**
Non-convertible bonds	**–**	**47,728,037**	**47,728,037**
Total undiscounted financial liabilities	**509,482,376**	**360,388,996**	**869,871,372**
Total net undiscounted financial liabilities	**(81,765,634)**	**(266,209,186)**	**(347,974,820)**

(1) Excludes other deposit.

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 Financial risk management objectives and policies (Cont'd)

(b) *Liquidity risk (Cont'd)*

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

The Group	Less than 1 year RMB	More than 1 year RMB	Total RMB
At 30 June 2022			
Financial assets:			
Trade and other receivables	31,767,780	–	31,767,780
Deposits	1,136,130	16,171,672	17,307,802
Amount due from an associate	15,900,000	–	15,900,000
Amount due from a joint venture	193,010,472	–	193,010,472
Amount due from related parties	8,649,372	–	8,649,372
Restricted cash and fixed deposits	40,000,000	–	40,000,000
Cash at banks and fixed deposits	189,770,127	–	189,770,127
Total undiscounted financial assets	480,233,881	16,171,672	496,405,553
Financial liabilities:			
Trade and other payables	293,363,740	–	293,363,740
Accrued operating expenses	51,992,940	–	51,992,940
Amount due to related parties	23,207,026	–	23,207,026
Lease liabilities	78,808,340	404,770,756	483,579,096
Bank loan	110,628,193	21,185,813	131,814,006
Non-convertible bonds	40,797,349	–	40,797,349
Total undiscounted financial liabilities	598,797,588	425,956,569	1,024,754,157
Total net undiscounted financial liabilities	(118,563,707)	(409,784,897)	(528,348,604)

The Company	Less than 1 year RMB	More than 1 year RMB	Total RMB
At 30 June 2023			
Financial assets:			
Other receivables	**–**	**6,712**	**6,712**
Deposits	**375**	**77,353**	**77,728**
Amount due from a subsidiary	**27,322,306**	**–**	**27,322,306**
Cash at banks and fixed deposits	**6,509,053**	**–**	**6,509,053**
Total undiscounted financial assets	**33,831,734**	**84,065**	**33,915,799**
Financial liabilities:			
Trade and other payables	**382,913**	**–**	**382,913**
Accrued operating expenses	**3,001,546**	**–**	**3,001,546**
Lease liabilities	**271,711**	**–**	**271,711**
Bank loan	**7,041,599**	**7,630,839**	**14,672,438**
Non-convertible bonds	**–**	**47,728,037**	**47,728,037**
Total undiscounted financial liabilities	**10,697,769**	**55,358,876**	**66,056,645**
Total net undiscounted financial liabilities	**23,133,965**	**(55,274,811)**	**(32,140,846)**

Notes to the Financial Statements

for the financial year ended 30 June 2023

32 Financial risk management objectives and policies (Cont'd)

(b) *Liquidity risk (Cont'd)*

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

The Company	Less than 1 year RMB	More than 1 year RMB	Total RMB
At 30 June 2022			
Financial assets:			
Other receivables	–	3,176	3,176
Deposits	38,986	72,194	111,180
Amount due from a subsidiary	42,352,103	–	42,352,103
Cash at banks and fixed deposits	2,723,552	–	2,723,552
Total undiscounted financial assets	45,114,641	75,370	45,190,011
Financial liabilities:			
Trade and other payables	422	–	422
Accrued operating expenses	2,737,921	–	2,737,921
Lease liabilities	268,575	246,194	514,769
Bank loan	6,328,193	13,185,813	19,514,006
Non-convertible bonds	40,797,349	–	40,797,349
Total undiscounted financial liabilities	50,132,460	13,432,007	63,564,467
Total net undiscounted financial liabilities	(5,017,819)	(13,356,637)	(18,374,456)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings and cash placed with financial institutions.

The interest rates of cash and fixed deposits placed with financial institutions, lease liabilities, and loans and borrowings are disclosed in Notes 6(b), 19, 20, and 24 to the financial statements, respectively.

The Group and Company are not exposed to variable rate interest rates and the interest rates are fixed at the inception of loans and borrowings.

(d) *Commodity price risk*

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk.

The Group purchases and sells various gold inventories and is exposed to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of gold inventories in place.

The Group's market risk appetite is determined by the Chief Executive Officer, with detailed exposure limits recommended by the Board of Directors.

At reporting date, if the commodities price index increased by 2% with all other variables held constant, the Group's profit net of tax would have increased by RMB 1,372,610 (2022: RMB 1,345,001), arising from the inventory held at reporting date.

Notes to the Financial Statements

for the financial year ended 30 June 2023

33 Dividends

The Group and The Company	Year ended 30 June 2023 RMB	1 January 2021 to 30 June 2022 RMB
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 30 June 2022: Nil (31 December 2020: SGD 2.0 cents) per share	–	18,346,481
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM		
- Final exempt (one-tier) dividend for 2023 (2022: Nil): SGD 1.0 cents per share	**10,185,254**	–

34 Fair values of assets and liabilities

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company have no financial assets and liabilities measured at fair value at 30 June 2023 and 30 June 2022.

<u>Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value</u>

The carrying amounts of cash and fixed deposits, current trade and other receivables, amount due from a subsidiary, associate, a joint venture and related parties, current trade and other payables, amount due to related parties and current bank loans and borrowings and current lease liabilities based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

The carrying amounts of non-current bank loans and current lease liabilities approximate fair values as their interest rates approximate the market lending rate and they are repriced frequently. For non-current payables and receivables, their fair values are not significantly different from their carrying amount.

Notes to the Financial Statements

for the financial year ended 30 June 2023

35 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 year ended 30 June 2023 and period ended 30 June 2022.

As disclosed in Note 23(b), 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 utilisation 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 year ended 30 June 2023 and period ended 30 June 2022.

Apart from the above, the Group is not subjected to any externally imposed capital requirements.

36 Events occurring after the reporting period

In July 2023, the Company repurchased a total of 37,000 number of shares from open market at a consideration of S$23,900.

In September 2023, the Company repurchased a total of 47,000 number of shares from open market at a consideration of S$32,600.

37 Comparative figures

In prior years, (i) advances and payments to/from related parties are wrongly classified as operating activities instead of financing or investing activities (ii) fixed deposits of RMB 40,000,000 with maturity of more than 3 months from the placement date had been wrongly classified as cash and cash equivalents instead of fixed deposits. As a result, certain line items have been amended in the consolidated statement of cash flow. Comparative figures have been adjusted to conform to the current year's presentation as follows:

Notes to the Financial Statements

for the financial year ended 30 June 2023

37 Comparative figures (Cont'd)

The Group	(As previously reported) Period from 1 January 2021 to 30 June 2022 RMB	Adjustments RMB	(As reclassified) Period from 1 January 2021 to 30 June 2022 RMB
Cash Flows from Operating Activities			
Loss before taxation	(268,290)		(268,290)
Adjustments for:			
Depreciation of property, plant and equipment	19,421,253		19,421,253
Depreciation of right-of-use assets	98,838,530		98,838,530
Impairment on property, plant and equipment	9,068,225		9,068,225
Write-back on right-of-use assets	(6,151,268)		(6,151,268)
Reversal of provision for termination of lease	(1,762,413)		(1,762,413)
Provision for termination of lease	17,145,589		17,145,589
Amount due to related parties written off	(756)		(756)
Net gain on disposal of property, plant and equipment	(431,957)		(431,957)
Amortisation of step rental income	1,383,463		1,383,463
Inventories written off	66,235		66,235
Interest income	(8,760,623)		(8,760,623)
Finance costs	27,361,909		27,361,909
Share of results of joint ventures	14,346,867		14,346,867
Share of results of associates	(23,297,292)		(23,297,292)
Unrealised exchange difference	(1,338,348)		(1,338,348)
Operating profit before working capital changes	145,621,124		145,621,124
Increase in inventories	(10,271,555)		(10,271,555)
Decrease in prepayments	47,755,598		47,755,598
Increase in trade and other receivables	(10,720,941)	(2,452,766)	(13,173,707)
(Decrease)/increase in trade and other payables	(16,348,413)	45,199,560	28,851,147
Cash generated from operations	156,035,813		198,782,607
Interest received	7,834,456		7,834,456
Income tax paid	(28,863,094)		(28,863,094)
Net cash generated from in operating activities	135,007,175		177,753,969
Cash Flows from Investing Activities			
Dividend received	24,569,159		24,569,159
Purchase of property, plant and equipment	(21,964,168)		(21,964,168)
Investment in joint ventures	(8,770,000)		(8,770,000)
Amount due from a joint venture	(193,010,472)		(193,010,472)
Amount due from a related party (non-trade)	–	2,452,766	2,452,766
Proceeds from disposal of property, plant and equipment	608,500		608,500
Net cash used in investing activities	(198,566,981)		(196,114,215)

Notes to the Financial Statements

for the financial year ended 30 June 2023

37 Comparative figures (Cont'd)

The Group	(As previously reported) Period from 1 January 2021 to 30 June 2022 RMB	Adjustments RMB	(As reclassified) Period from 1 January 2021 to 30 June 2022 RMB
Cash Flows from Financing Activities			
Dividends paid	(18,346,481)		(18,346,481)
Interest paid on lease liabilities	(18,355,618)		(18,355,618)
Interest paid on loans and bonds	(6,790,132)		(6,790,132)
Purchase of treasury shares	(61,748)		(61,748)
Proceeds from loans and borrowings	113,300,000		113,300,000
Repayment of bank loans	(6,267,883)		(6,267,883)
Repayment of lease liabilities	(93,079,211)		(93,079,211)
Repayment of loan to related parties	–	(45,199,560)	(45,199,560)
Restricted cash at bank and bank deposit pledged	(40,000,000)		(40,000,000)
Net cash used in financing activities	(69,601,073)		(114,800,633)
Net decrease in cash and cash equivalents	(133,160,879)		(133,160,879)
Cash and cash equivalents at beginning of period	324,345,927	(40,000,000)	284,345,927
Effect of exchange rate changes on cash and cash equivalents	(1,414,921)		(1,414,921)
Cash and cash equivalents at end of period	189,770,127		149,770,127

Statistics of Shareholdings

As at 18 October 2023

Issue and fully paid-up capital	:	SGD 13,620,000
Number of shares (excluding treasury shares)	:	191,663,700
Number of treasury shares held	:	4,656,300
Class of shares	:	Ordinary
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	–	–	–	–
100 - 1,000	36	13.58	27,600	0.01
1,001 - 10,000	91	34.34	508,300	0.27
10,001 - 1,000,000	118	44.53	15,378,400	8.02
1,000,001 AND ABOVE	20	7.55	175,749,400	91.70
TOTAL	**265**	**100.00**	**191,663,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LEE SWEE KENG	45,790,700	23.89
2	CHEN KAITONG	41,400,680	21.60
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	25,911,100	13.52
4	SU CAIYE	20,690,700	10.80
5	SU JIANLI	5,309,932	2.77
6	LIM CHIN HIAN	5,000,000	2.61
7	RAFFLES NOMINEES (PTE.) LIMITED	4,708,800	2.46
8	DBS NOMINEES (PRIVATE) LIMITED	3,944,600	2.06
9	LIM KOK TONG	3,536,088	1.84
10	LIM CHIN KEONG JASON	3,300,000	1.72
11	LINGCO HOLDINGS PTE LTD	2,500,000	1.30
12	CITIBANK NOMINEES SINGAPORE PTE LTD	2,204,800	1.15
13	SEAH CONSTRUCTION PTE LTD	2,000,000	1.04
14	WEE CHOO CHUAN	2,000,000	1.04
15	LINGCO MARINE PTE LTD	1,500,000	0.78
16	SONG XIBIN	1,350,000	0.70
17	LIM ENG HOCK	1,273,000	0.66
18	SIA LING SING	1,165,500	0.61
19	CHUA KIAN LIN	1,160,000	0.61
20	POH HENG	1,003,500	0.52
	TOTAL	**175,749,400**	**91.68**

Statistics of Shareholdings

As at 18 October 2023

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Reigster of Substantial Shareholders as at 18 October 2023)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lee Swee Keng	45,790,700	23.89	–	–
Chen Kaitong	41,400,680	21.60	–	–
Su Caiye	20,690,700	10.80	–	–
Qingshui Energy Pte Ltd	15,500,000	8.09	–	–

FREE FLOAT

Based on the information available to the Company as at 18 October 2023, approximately 35.56% 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 convened and held at Grand Mercure Roxy Hotel on Friday, 24 November 2023, 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 30 June 2023 together with the Directors' Statement and Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 1.0 Singapore cents per ordinary share for the financial year ended 30 June 2023. **(Resolution 2)**

3. To approve the payment of S$141,000 (FY2022 – S$186,000) as Directors' fees for the financial year ended 30 June 2023. **(Resolution 3)**

4. To pre-approve the payment of up to S$141,000 as Directors' fees for the financial year ended 30 June 2024 to be paid in arrears. **(Resolution 4)**

5. To re-elect Mr. Lee Swee Keng who is retiring pursuant to Regulation 104 of the Company's Constitution[1]: **(Resolution 5)**
[See Explanatory Note 1]

6. To appoint the following persons as Independent Directors of the Company pursuant to Regulation 114 of the Company's Constitution:

   (a) Mr. Yee Chia Hsing **(Resolution 6)**

   (b) Mr. Zou Qige **(Resolution 7)**
   [See Explanatory Note 2]

7. To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

8. 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:

9. <u>General authority to issue and allot shares</u>

   "That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and 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:

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[1] Pursuant to the amendments of the Companies Act 1967, the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

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(A) (i) allot and issue shares in the capital of the Company (the "**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 new Shares to be issued and allotted, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and 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) and convertible securities to be allotted and issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);

(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 and convertible securities that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company 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.

Any adjustments made in accordance with sub-paragraphs (2)(i) and (2)(ii) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.

(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

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(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution 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." **(Resolution 9)**
[See Explanatory Note 3]

10. Proposed Share Buyback Mandate

"That:

(A) For the purposes of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases, transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the SGX-ST's Central Limit Order Book (CLOB) trading system or through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchase**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the SGX-ST Listing Manual ("**Off-Market Purchases**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

(B) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting,

whichever is the earlier;

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(C) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares in the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which even the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the resolution authorising the Share Buyback Mandate is passed and expiring on the date the next Annual General Meeting is held or required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding applicable brokerage, stamp duties, goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five market days;

"**Highest Last Dealt Price**" means the higher price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(D) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **(Resolution 10)**

By Order of the Board

Chia Foon Yeow
Company Secretary
9 November 2023

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Explanatory Notes:

1. Mr. Lee Swee Keng will, upon re-election as a director, remain as Executive Chairman of the Company.

2. Pursuant to Regulation 114 of the Company's Constitution, the Nominating Committee has reviewed Mr. Yee Chia Hsing's and Mr. Zou Qige's suitability and recommended to the Board of Directors of the Company (the "Board") the appointment of each of Mr. Yee Chia Hsing and Mr. Zou Qige as an Independent Director of the Company. The Board has accepted the Nomination Committee's recommendation. The particulars of Mr. Yee Chia Hsing and Mr. Zou Qige, who have consented to the appointment, are set out in the section entitled "Additional Information on Directors Standing for Election as a Director for the First Time and Existing Directors Seeking Re-Election to the Board" in the Company's 2023 Annual Report. Each of Mr. Yee Chia Hsing and Mr. Zou Qige will, upon appointment as Director of the Company, be appointed as an Independent Director of the Company, and a member of Remuneration Committee, Nominating Committee and Audit Committee. The Board considers Mr. Yee Chia Hsing and Mr. Zou Qige to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

3. Under the Listing Manual of the SGX-ST, a share issue mandate approved by shareholders as an 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 fundraising exercises or other arrangements or transactions involving the capital of the Company.

   Ordinary Resolution 9, 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, 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 at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632, not less than 48 hours before the time appointed for holding the Meeting.

Notice of Annual General Meeting

年度股东大会通告

Submission of Questions prior to the Annual General Meeting

1. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than 5.30 p.m. on 17 November 2023 by email to AGM@zhongminbaihui.com.sg or by post to the Company's office at 80 Marine Parade Road #13-07 Parkway Parade Singapore 449269.

2. The Company will upload the responses to the substantial and relevant questions from shareholders on the SGXNET and Company's website by 22 November 2023, 10:00 am.

3. The Company endeavours to address (i) subsequent clarifications sought (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after its responses referred to at (b) above, at the Meeting itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

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.

Additional Information on Director Proposed to be Appointed as a Director for the First Time and Existing Directors Seeking Re-Election to the Board

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), we set out below the additional information on Mr. Lee Swee Keng, Mr. Yee Chia Hsing and Mr. Zou Qige, who are seeking re-election or appointment as Directors at the forthcoming Annual General Meeting. The information on Mr. Lee Swee Keng shall be read in conjunction with his biography on page 32 of the Annual Report.

	Mr. Lee Swee Keng	**Mr. Yee Chia Hsing**	**Mr. Zou Qige**
Date of Appointment	17 September 2004	24 November 2023	24 November 2023
Date of last re-appointment	29 July 2021	NA	NA
Age	64	52	46
Country of Principal Residence	Singapore	Singapore	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Lee as an Executive Chairman of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr. Lee has abstained from the deliberation of the Board pertaining to his re-election.	The Nominating Committee (the "**NC**") formally assessed the appointment of Mr. Yee as an Independent Director of the Company. On the recommendation of the NC and having considered the strength of his calibre and experience, the Board of Directors, with the recommendation of the NC, is of the view that the Company will be able to leverage on his qualifications, financial and investment expertise, and that the appointment of Mr. Yee as an Independent Director will be beneficial to the Board and to the Company.	The Nominating Committee (the "**NC**") formally assessed the appointment of Mr. Zou as an Independent Director of the Company. On the recommendation of the NC and having considered the strength of his calibre and experience, the Board of Directors, with the recommendation of the NC, is of the view that the Company will be able to leverage on his qualifications, financial and investment expertise, and that the appointment of Mr. Zou as an Independent Director will be beneficial to the Board and to the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Director, Chairman of the Audit Committee, and a Member of the Nominating and Remuneration Committees	Independent Director, a Member of the Nominating, Remuneration and Audit Committees
Professional qualifications	Nil	Bachelor of Accountancy Degree (First Class Honours) from Nanyang Technical University	1. Bachelor of Arts (Legal English) from East China University of Political Science and Law (ECUPL) 2. Master of Law from ECUPL

	Mr. Lee Swee Keng	Mr. Yee Chia Hsing	Mr. Zou Qige
Working experience and occupation(s) during the past 10 years	Please refer to Mr. Lee's biography set out under the section "Board of Directors" of the Annual Report.	1. Datapulse Technology Limited (Executive Director/Chief Executive Officer) 2. iX Biopharma Ltd (Director of Corporate Affairs) and Entity Health, its nutraceutical business (General Manager) 3. CIMB Bank Berhad Singapore Branch (Head of Catalist, Managing Director)	1. AllBright Law Offices (Partner) 2. Bao Rui Legal (Partner)
Shareholding interest in the Company and its subsidiaries	Please refer to the information disclosed in the Directors' Statement which can also be found in the Annual Report.	5,100 (through nominees)	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	The CEO is a distant relative of Mr. Lee. Mr. Lee's grandmother's brother is the CEO's father.	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS			
Past (for the last 5 years)	Hancai Fashion (S) Pte Ltd	1. Datapulse Technology Limited 2. Ezion Holdings Limited	Nil
Present	1. Singapore Hokkien Huay Kuan 2. The Hokkien Foundation 3. Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd 4. Ee Hoe Hean Club 5. Yunnan Realty Pte Ltd 6. Lee Bin Hong Pigs Supplier Pte Ltd	1. First Sponsor Group Limited 2. Beng Kuang Marine Limited 3. Ren-Ci Hospital (Audit Committee member, non-director role)	1. AllBright Law Offices (Partner)

	Mr. Lee Swee Keng	Mr. Yee Chia Hsing	Mr. Zou Qige
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes. Mr Yee was an Independent Non-Executive Director of Ezion Holdings Limited ("Ezion") from 5 January 2016 to 9 April 2021. Ezion filed an application pursuant to section 125(1)(e) and section 125(1)(i) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) on 28 January 2022 for Ezion to be placed into liquidation ("Winding Up Application"). On 18 February 2022, Ezion announced that the Court granted the Winding Up Application for Ezion to be placed into liquidation and for Messrs Ng Kian Kiat and Goh Wee Teck of RSM Corporate Advisory Pte Ltd to be appointed as joint and several liquidators.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

	Mr. Lee Swee Keng	Mr. Yee Chia Hsing	Mr. Zou Qige
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

	Mr. Lee Swee Keng	Mr. Yee Chia Hsing	Mr. Zou Qige
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

	Mr. Lee Swee Keng	Mr. Yee Chia Hsing	Mr. Zou Qige
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of a company listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	Yes. 1. First Sponsor Group Limited 2. Ezion Holdings Limited 3. Datapulse Technology Limited 4. Beng Kuang Marine Limited	No Yes, will be attending training on roles and responsibilities of a director of a listed issuer as prescribed by the Exchange

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

Important:

1 For investors who have used their SRS monies to buy the Shares, this report is forwarded to them at the request of their SRS Approved Nominees and is sent solely FOR INFORMATION ONLY.

2 This Proxy Form is not valid for use by SRS 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 Grand Mercure Singapore Roxy Hotel located at 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 24 November 2023, 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 1.0 Singapore cent per ordinary share for the financial year ended 30 June 2023		
3.	Approval of payment of S$141,000 as Directors' fees for the financial year ended 30 June 2023		
4.	Pre-approval of payment of up to S$141,000 as Directors' fees for the financial year ended 30 June 2024 to be paid in arrears.		
5.	Re-election of Mr Lee Swee Keng as a Director (Regulation 104)		
6.	Appointment of Mr. Yee Chia Hsing as Independent Director of the Company pursuant to Regulation 114 of the Company's Constitution		
7.	Appointment of Mr. Zou Qige as Independent Director of the Company pursuant to Regulation 114 of the Company's Constitution		
8.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
9.	Authority to issue and allot shares pursuant to Section 161 of the Companies Act 1967		
10.	Approval of the proposed Share Buyback Mandate		

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

Dated this day of , 2023.

TOTAL NUMBER OF SHARES IN :	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member(s) or
Duly Authorised Attorney/Officer of Member(s)

(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 1967 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.

4. A proxy need not be a member of the Company.

5. 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 2001 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.

6. This proxy form must be (i) sent by email to AGM@zhongminbaihui.com.sg in Portable Document Format (PDF) or (ii) deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632 in either case not less than 48 hours before the time set for the Meeting (i.e. no later than 10:00 am on 22 November 2023).

7. 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.

8. 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.

9. 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 member of the Company (i) consents to the collection, use and disclosure of the member'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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), 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) 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.

Corporate Information

企业资讯

Board of Directors

Lee Swee Keng
Executive Chairman

Chen Kaitong
Chief Executive Officer

Choy Bing Choong
Independent Director

Goh Poh Kee
Independent Director

Kho Kewee
Independent Director

Company Secretary

Chia Foon Yeow

Registered Office

160 Robinson Road
SBF Center #15-06
Singapore 068914
Tel: (65) 6440 5297
Fax: (65) 6440 5274

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

Auditors

Foo Kon Tan LLP
1 Raffles Place #04-61/62
One Raffles Place, Tower 2
Singapore 048616

Partner In-charge:

Ong Soo Ann
(Appointed since financial year ended 30 June 2023)

Bankers

United Overseas Bank Limited
Bank of China
China Construction Bank Corporation
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China
Agricultural Bank of China
China Minsheng Bank
CIMB Bank Berhad, Shanghai Branch
Xiamen Bank Co., Ltd.
Fujian Haixia Bank Co Ltd
Rural credit cooperative

中闽百汇零售集团有限公司

ZHONGMIN BAIHUI RETAIL GROUP LTD.

(Co.Registration No.:200411929C)

80 Marine Parade Road #13-07 Parkway Parade Singapore 449269