

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

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**RESPONSES TO SGX-ST QUERIES REGARDING THE COMPANY'S ANNOUNCEMENT ON THE  
LARGE MALL PROJECT IN SHANXI PROVINCE**

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**1. SGX-ST Query**

The Company disclosed that Shanxi BYCM was incorporated on 4 June 2025, with ZMBH China (a wholly-owned subsidiary of the Company) and Shanxi XJR owning 51% and 49% of the equity in Shanxi BYCM, respectively. The profit arrangement between ZMBH China and Shanxi XJR may not be proportional to the shareholding structure. Please clarify the following:

- (a) Will the project known as 'Intime' be undertaken through the joint venture entity, Shanxi BYCM? What is the expected outflow, consideration, fees, and/or rental to be paid by Shanxi BYCM? Does Shanxi BYCM own, operate, or manage the mall or its units? What is the financing arrangement for the project?

**Company's Response**

Shanxi XJR shall undertake the construction and renovation of the mall to a condition deemed suitable for leasing. Shanxi BYCM's registered capital is RMB 20 million, with the Company contributing RMB 10.2 million for its 51% stake. An outflow of RMB 9 million from Shanxi BYCM is expected before the mall opening. After opening, the mall's operating expenses can be met from rental deposits from the tenants.

Shanxi BYCM does not own the mall. Tenants will operate their respective businesses. As a manager of the mall, Shanxi BYCM sources suitable tenants, manages leasing and tenant relationships, markets the mall to the public, performs strategic planning and positioning, ensures compliance with all rules and regulations, etc. Shanxi BYCM is responsible for operating the mall to ensure that daily activities and operations function satisfactorily in areas such as facilities maintenance (A/C, water, power, elevators), security, housekeeping, landscaping, traffic management, customer service, etc. Although Shanxi BYCM does not require significant capital to manage the mall, maintaining a team would require expenses. Shanxi BYCM is not involved in any financial arrangement for the project, including funding for the construction and renovation of the project.

- (b) Who are the directors and shareholders of Shanxi XJR? Is Shanxi XJR related to any directors, executive officers, controlling shareholders of the Company, and/or their respective associates?

**Company's Response**

Shanxi XJR's executive director (company legal representative 法定代表人) is Wang Jian (王健). Shanxi XJR is wholly owned by Shanxi Zhongfan Group Co., Ltd. (山西中泛集团有限公司), with the following shareholding structure: Xiamen Changxi Group Co., Ltd. (厦门昌禧集团有限公司) (34%), Shanxi Xinbaotai Trading Co., Ltd. (山西鑫宝泰商贸有限公司) (33%), and Shanxi Bofeng Enterprise Management Consulting Co., Ltd. (山西博枫企业管理咨询有限公司) (33%).

Xiamen Changxi Group Co., Ltd. is owned by Pan Xiaoyan (潘晓燕) (10%), Huang Wanwen (黄婉文) (5%), Huang Wan'e (黄婉娥) (5%), Huang Yaixin (黄耀新) (30%), Huang Fahui (黄发辉) (24%), and Huang Wenjie (黄文杰) (26%); Shanxi Xinbaotai Trading Co., Ltd. is owned by Sun Xiaoqiong (孙晓琼) (43.12%), Sun Wenwen (孙雯雯) (44.88%), Wang Jian (王健) (6%),

and Liang Haisheng (梁海杀) (6%); Shanxi Bofeng Enterprise Management Consulting Co., Ltd. is wholly owned by Cao Jian (曹剑).

Shanxi XJR, its directors, and its substantial shareholders are not related to any controlling shareholders of the Company, or their respective associates. Further, based on publicly available information, there are no significant personal risks associated with the identified natural person shareholders in the ultimate shareholding structuring of Shanxi XJR that could potentially impact the proposed transaction.

- (c) What are the key terms of the shareholders' agreement between the JV partners ZMBH China and Shanxi XJR?

**Company's Response**

Shanxi XJR needs to complete the construction of project following the commercial planning requirements, including all civil engineering, water, electricity, gas, fire protection, central air conditioning, escalators, landscape, public area decoration (except for shop decoration), signage (guidance system), night scene engineering, and all other decoration, equipment and facilities investment. Shanxi BYCM revenue comes from fixed rentals paid by tenants or rents based on a portion of tenants' sales, and management fees. If Shanxi BYCM continues to operate at a loss for three consecutive years, the Company can terminate the agreement without any compensation to Shanxi XJR. While the gross floor area of the project is approximately 52,264 sqm, 1,474 sqm have already been sold. The remaining 50,790 sqm will be rent-free over the 20-year contract period. There is a profit-sharing agreement with Shanxi XJR (details in part (e)).

- (d) It is disclosed that Shanxi BYCM is not required to pay rent for the mall. Are there other payments or outlays that Shanxi BYCM is required to pay?

**Company's Response**

Shanxi BYCM will take over the leases for the 1,474 sqm, as mentioned in part (c), by signing lease agreements with the property owners, which amount to RMB230,000 per month. Whilst the expenses before the mall is opened are borne by Shanxi XJR, after the opening, all property management, maintenance, repair, and operation expenses related to decoration, equipment, and facilities will be borne by Shanxi BYCM.

- (e) The mechanics of the profit-sharing arrangement, how it is disproportionate to the shareholdings, the rationale for this arrangement, and whether the terms are on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders. What did the Board consider in agreeing to this arrangement, and how is this in the best interest of the Company and its shareholders?

**Company's Response**

The profit-sharing arrangement is based on the following annual pre-tax profits of Shanxi BYCM: Below RMB 30 million, ZMBH China 30%/Shanxi XJR 70%; above RMB 30 million but below RMB 50 million, ZMBH China 40%/Shanxi XJR 60%; above RMB 50 million, ZMBH China 50%/Shanxi XJR 50%.

ZMBH avoids the high capital outlay associated with ownership, a burden borne by Shanxi XJR. In addition, ZMBH retains the option to terminate the agreement if the project remains unprofitable after three years. On a risk-adjusted basis, the Group believes this arrangement serves the best interests of the Company and its shareholders.

- (f) Please provide the Board's and the Audit Committee's assessment of the applicability of Chapters 9 and 10 of the Listing Manual to the transactions.

### **Company's Response**

With regard to Chapter 9 - Interested Person Transactions ("IPT"), management has confirmed to the Board, and the AC has concurred, that there are no IPTs with this Shanxi project.

With regard to Chapter 10 - Significant Transaction, management has confirmed to the Board, and the Board has concurred, that the Shanxi project does not exceed any threshold to be considered a Significant Transaction. Based on the closing share price on 12 June 2025 of SGD 0.59 to compute our market capitalisation, the Group's share of the investment amounted to RMB 10.2m, which would be less than 5% of its market capitalisation.

By Order of the Board

Lee Swee Keng  
Executive Chairman  
16 June 2025