



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

2020
ANNUAL REPORT

/Contents

目录



01	Corporate Profile	52	Balance Sheets
03	Location of Stores	53	Statements of Changes in Equity
12	Chairman's Statement	57	Consolidated Cash Flow Statement
14	CEO's Statement	58	Notes to the Financial Statements
16	Financial Highlights	105	Statistics of Shareholdings
18	Up And Coming Stores	107	Notice of Annual General Meeting
20	Board of Directors		Proxy Form
22	Key Management		
25	Corporate Governance Report		
44	Directors' Statement		
47	Independent Auditor's Report		
51	Consolidated Statement of Comprehensive Income		

Zhongmin Baihui Retail Group Ltd (the “**Group**” or “**ZMBH**”) is principally engaged in the ownership, operation and management of department stores and supermarkets in Fujian Province, People’s Republic of China (“**PRC**”) under the name “中闽百汇”. Outside of Fujian Province, the Group is involved in the operation and management of an outlet mall in Changsha, Hunan Province. 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 to SGX Mainboard on 3 September 2013.

The first modern 中闽百汇 store was opened in Anxi County, Quanzhou City, Fujian Province in 1997. As at 31 March 2021, the Group has 16 self-owned stores and three managed stores, spanning an aggregate gross floor area (“**GFA**”) of 219,100 sqm, comprising 190,700 sqm of self-owned store GFA and 28,400 sqm of managed store GFA. Five 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 6,300 sqm to 28,700 sqm. Many of the larger stores also offer food and beverage options and other essential services to enhance our customers’ shopping experience.

The Group derives the bulk of its revenue from sales of supermarket products and commissions from concessionaire sales. The department stores offer a wide variety of clothes and accessories for men, women and children from domestic and international brands from concessionaires while the supermarkets are well stocked with a good variety of items, including fresh produce and live seafood.

The Group recognises the attraction of mega malls in China and is embarking on a strategic plan to be involved in this area. The Group has an associate stake in the entity responsible for managing Changsha Sasseur (ZMBH) Outlets, a 211,000 sqm mega mall in Changsha City, Hunan Province, which was opened in December 2018. There are plans to expand the Group’s outlet mall operation and management business, imminently in Wuxi City, Jiangsu Province, with a new 380,000 sqm outlet mall.

With over 20 years of strong retail reputation under the “中闽百汇” brand, the Group offers a quality shopping experience with a wide variety of quality merchandise, lifestyle products and customer-oriented services catering to the middle-income consumers. By developing strong relationships with well-known international and domestic brands, the Group constantly optimises its product mix to bring more value to its consumers. The Group adheres to the principles of Unity, Dedication, Faithfulness and Service (团结、敬业、忠诚、服务) to our employees, customers and community. ZMBH aims to offer quality goods and services to its customers with a spirit of innovation. ZMBH was named one of the top ten brand enterprises in Quanzhou in 2015 and the most trendy business enterprise in Xiamen in 2017 as a testament to the high quality of service and customer satisfaction that the Group provides



/Corporate Profile

公司简介

公司简介：

中闽百汇零售集团有限公司（以下简称“本集团”或“ZMBH”）是一家投资、经营与管理百货商场及超市为一体的大型零售集团，经营范围位于中华人民共和国境内。集团在福建省以经营“中闽百汇”商场为主，在福建省外有湖南省长沙市的奥特莱斯商场管理业务。ZMBH 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（SGX）的 Catalyst Board 上市，并于 2013 年 9 月 3 日转移至 SGX 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 2021 年 3 月 31 日，本集团在福建的业务范围已扩大至 16 家自营店和 3 家管理店，总建筑面积为 219,100 平方米，包括 190,700 平方米自营店和 28,400 平方管理店。在 16 家自营店中，5 家以超市为主，营业面积从 1,000 平方米至 4,000 平方米不等，其余为大型综合百货兼超市店，营业面积从 6,300 平方米至 28,700 平方米不等。许多较大的商店是以较大型购物中心以及其他基本服务，以增强我们客户的购物体验。集团的主要销售来自联营和自营板块。该集团的现代化超市有大量优质和新鲜商品，集团的百货商场有各种各样国内和国际品牌的男女儿童服装和配件，是由特许公司提供的。

超大型购物中心在中国有一定的吸引力，所以集团正在这方面以参与这一领域。于 2018 年 12 月，集团在湖南省长沙市开了一家拥有 21.1 万平方米商业面积的长沙砂之船（中闽百汇）奥莱。该集团有一家子公司参这家奥莱的商场运营和管理业务。该集团有计划在奥莱这方面继续发展，先会在江苏省无锡市开一家奥莱。

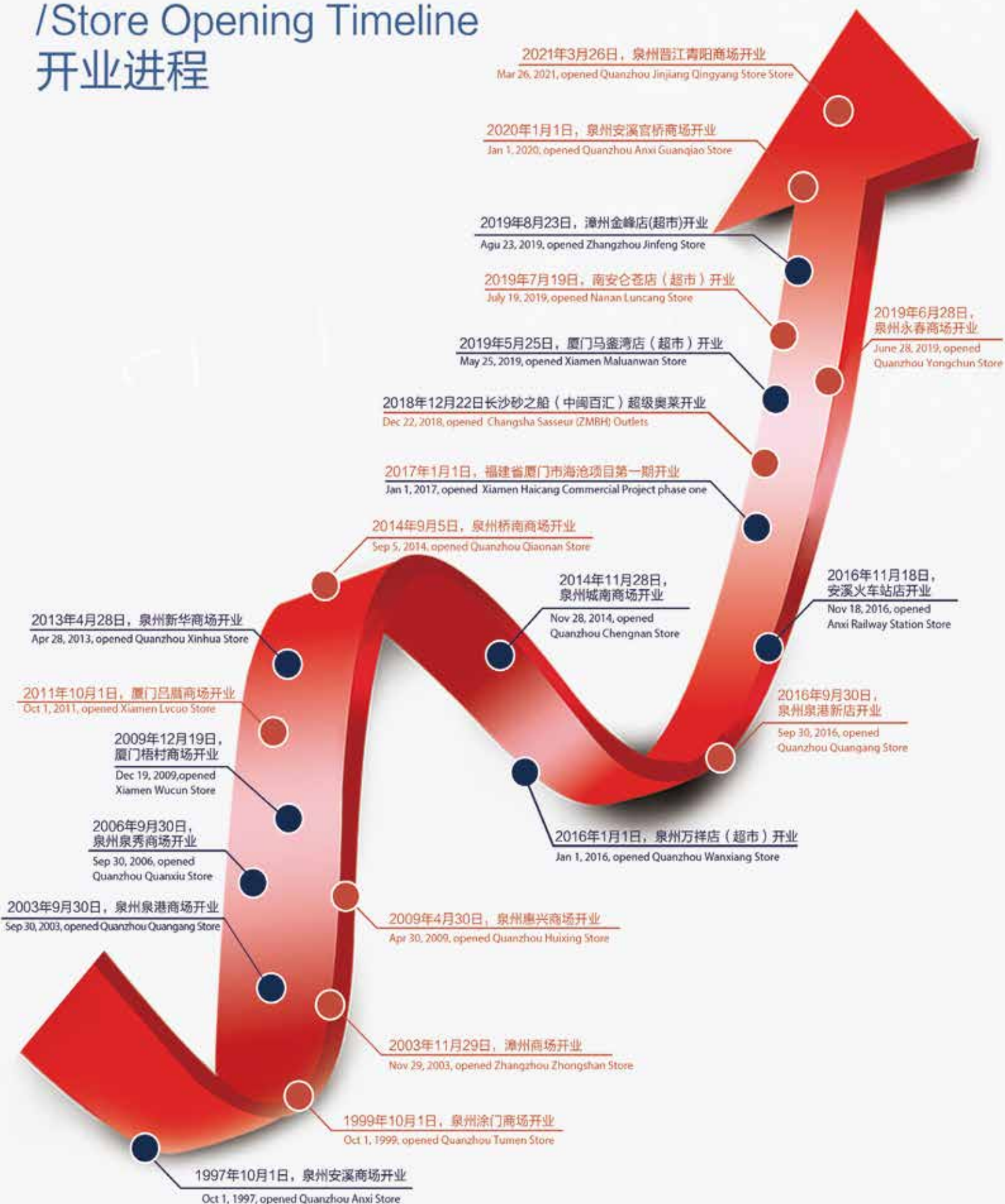
集团经营“中闽百汇”品牌将近 20 年，期间不断为中等收入顾客提供多元化的优质商品、生活用品，为顾客带来了舒适的购物体验。集团不断优化产品组合，为消费者带来更多价值。集团本着“团结、敬业、忠诚、服务”的原则，善待员工、服务顾客、回报社会。ZMBH 以创新精神为客户提供优质的产品和服务。2015 年，ZMBH 被评为泉州市十大品牌企业，2017 年在厦门“中闽百汇”被评为“年度最具时尚商业体”。证明了集团提供的优质服务和客户满意度。

/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 : 28,700 平方米

开业年份 : 2009 年 12 月 (租赁终止 2022 年 9 月)

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

Gross floor area : 28,700 sqm

Commencement : Dec 2009 (lease ends in Sep 2022)

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

福建省厦门市吕厝店

Xiamen Lvcuo Store

商业面积 : 23,300 平方米

开业年份 : 2011 年 10 月 (租赁终止 2026 年 6 月)

项目介绍 : 厦门吕厝店位于厦门市思明区人口密集的住宅区中心, 地铁 1 号线及 2 号线交叉点。

Gross floor area : 23,300 sqm

Commencement : Oct 2011 (lease ends in Jun 2026)

Description : Xiamen Lvcuo Store is an underground store located next to Lvcuo Station in Siming District, Xiamen City, which is also the Xiamen metro interchange station for line 1 and line 2.



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 located in Maluanwan Square in Haicang District, Xiamen City

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 largely supermarket store is near 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

营业面积：16,900 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 : 16,900 sqm
 Commencement : Sept 2016 (lease ends in Sep 2031)
 Description : Quangang Store is located in the town centre of Quangang District, a major petrol chemical area in Quanzhou City.



福建省泉州市涂门店

Quanzhou Tumen Store

商业面积：16,400 平方米
 开业年份：1999 年 10 月（租赁终止 2022 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 : 16,400 sqm
 Commencement : Oct 1999 (lease ends in Mar 2022)
 Description : The store is situated in a popular shopping belt in the city centre of Quanzhou City and in proximity to several popular historic sites.



福建省泉州市泉秀店

Quanzhou Quanyiu Store

商业面积：10,400 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 : 10,400 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：8,900 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 : 8,900 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：6,300 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 : 6,300 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 Huian Chengnan Store

商业面积：25,500 平方米

开业年份：2014 年 11 月（集团拥有店面的产权）

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

Gross floor area : 25,500 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.

福建省泉州市万祥店

Quanzhou Wanxiang Store

商业面积：1,000 平方米

开业年份：2016 年 1 月（租赁终止 2026 年 1 月）

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

Gross floor area : 1,000 sqm

Commencement : Jan 2016 (lease ends in Jan 2026)

Description : Wanxiang Store is the Group's first supermarket-only store, catering to the needs of the local community.

商业面积：1,400 平方米



福建省漳州市金峰店

Zhangzhou Jinfeng Store

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 in ends in Nov 2034)

Description : Jinfeng Store is a supermarket 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 : The integrated store serves a densely populated area in the town area, near cultural, sports, government, science and technology entities.

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 is a supermarket catering 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：6,400 平方米

开业年份：2020 年 1 月（租赁终止 2040 年 6 月）

项目介绍：位于人口密集的官桥镇中心。

Gross floor area : 6,400 sqm

Commencement : Jan 2020 (lease ends in Jun 2040)

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

中闽百汇 —— 晋江青阳项目

Quanzhou Jinjiang Qingyang Store

商业面积：7,700 平方米

开业年份：2021 年 3 月（租赁终止 2035 年 7 月）

项目介绍：该项目是一家位于晋江繁华地段的店

Gross floor area : 7,700 sqm

Commencement : Mar 2021 (lease ends in Jul 2035)

Description : The store is located in a densely populated area of Jinjiang.





福建省泉州市惠安惠兴店（管理店）

Quanzhou Huian Huixing Store (managed store)

商业面积：10,900 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 : 10,900 sqm

Commencement : Apr 2009

Description : The store is located in the heart of Hui'an County in a densely populated area.

福建省泉州市安溪店（管理店）

Quanzhou Anxi Store (managed store)

商业面积：6,400 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 : 6,400 sqm

Commencement : Oct 1997 (relocated in 2006)

Description : The store is located in a lively commercial and residential area in Fengcheng Town, Anxi County.



福建省漳州市中山店（管理店）

Zhangzhou Zhongshan Store (managed store)

商业面积：11,100 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 : 11,100 sqm

Commencement : Nov 2003

Description : The store is located in downtown Zhangzhou City.





长沙砂之船（中闽百汇）奥莱 Changsha Sasseur (ZMBH) Outlets

商业面积：211,000 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）集团合作的大型购物广场，位于湖南省长沙市望城区，金星路与月亮岛路交汇处，临近城市三环线，交通便捷，人口稠密。

Gross floor area : 211,000 sqm

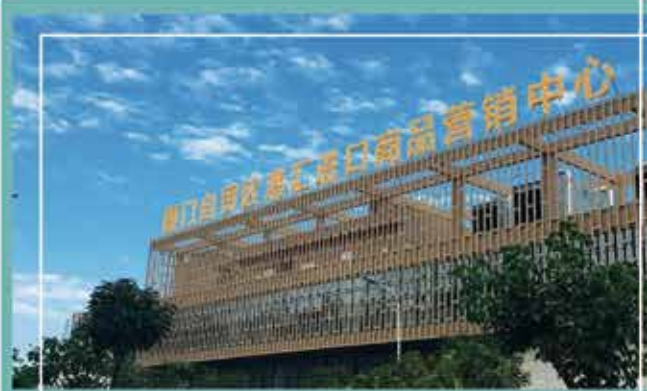
Commencement : Dec 2018 (contract ends in Dec 2038)

Description : The mega mall is located at the junction of Jinxing Road and Yueliangdao Road in Wangcheng District, Changsha City, Hunan Province. The Group has an effective 24% associate stake in the entity that manages and operates the mall.

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

项目介绍：港基百汇商业物流（厦门）有限公司（控股 30%），计划建立 113500 平方米的商业面积，位于海沧区繁华的商业区。

Description : Citi-base Commerce Logistics (Xiamen) Co, a 30%-owned associate, plans to build 113,500 sqm of office and commercial space. The complex is located in a busy part of Haicang District in Xiamen City.



/Chairman's Statement

主席致词



On behalf of the Board of Directors of Zhongmin Baihui Retail Group Ltd, it is my pleasure to present to you the Company's Annual Report for the financial year ended 2020.

The Chinese economy managed to register positive growth in 2020 despite the negative effects of COVID-19 on economic activities in the first half of 2020. According to the National Bureau of Statistics of China, the Chinese GDP grew 2.3% in 2020 while retail sales of consumer goods, excluding automobiles, fell 4.1% in 2020. Within the sub-segments of retail sales, supermarket sales grew 3.1% while department store sales fell 9.8%. Swift and decisive actions by the Chinese government, with the cooperation of businesses and residents, brought the spread of COVID-19 under control and economic activities gradually regained normality.

Against this challenging macro-environment, the Group managed to achieve profit after taxation of RMB55.2 million in 2020, a respectable annual growth rate of 5.8% on the back of a 17.1% increase in revenue to RMB1,230.2 million. In view of our positive performance and to reward our shareholders, we are proposing a final dividend of SGD2.0 cents per share for a total of SGD3.0 cents per share for the year. The total dividend per share for FY2020 is maintained at the same level as FY2019. We aim to maintain a good dividend pay-out ratio whenever possible.

We have adjusted our store rollout plan, partly due to the effects of COVID-19. A new 7,700 sqm store in Jinjiang, Quanzhou City was opened on 26 March 2021. With this new store opening, we would currently have a total of 16 self-owned stores, 3 managed stores and an outlet mall in Changsha. Over the next 12 months, we will open a 380,000 sqm outlet mall in Wuxi, Jiangsu Province, a 1,200 sqm store in Quangang, Quanzhou City and a 3,500 sqm store in Guangde, Anxi County, Quanzhou City. There are plans to open a 15,200 sqm store in Zhangzhou Port, Zhangzhou City, a 192,500 sqm outlet mall in Longwen, Zhangzhou City and a 110,800 sqm outlet mall in Nan'an, Quanzhou City. Other retail projects are also being planned. The Group has come a long way since its IPO in 2011 when we started with just one self-owned store.

We have confidence that the Group will continue to deliver satisfactory results this year and beyond and I thank our shareholders for their patience and support.

Mr Lee Swee Keng
Executive Chairman
13 July 2021

/Chairman's Statement

主席致词

我谨代表中闽百汇零售集团有限公司董事会，很高兴的在此呈现公司 2019 年度年报。

尽管新冠肺炎对 2020 年上半年的经济活动产生了负面影响，但中国经济在 2020 年实现了正增长。根据中国国家统计局的数据，2020 年中国国内生产总值增长了 2.3%。不包括汽车在内的国内消费品零售额在 2020 年下降了 4.1%。其中，超市销售额增长 3.1%，百货商店销售额下降 9.8%。中国政府的迅速果断行动，在企业和居民的配合下，控制了新冠肺炎的传播，使经济活动逐步恢复正常。

在这一充满挑战的宏观环境下，集团于 2020 年的表现还是不错，税后利润为人民币 5524 万元，年增长率为 5.8%，而销售也有 17.1% 的镇长至人民币 12.3 亿元。考虑到积极的业绩和对股东的奖励，我们建议本年度派发每股新币 2.0 分，含年每股新币 3.0 分，每股股息保持在 2019 年的水平。之后我们也会尽量保持一个好的支付比例。

应为新冠肺炎的因素，我们有调整开店计划。我们有一家 7700 平方米的泉州晋江门店，已经在 2021 年 3 月 26 日开业。开了这店后，集团共有 16 家自营店、3 家管理店和一家奥拉。未来 12 个月内，我们将在江苏无锡开设一家 380,000 平方米的奥莱，泉州市泉港一家 1,200 平方米的门店，泉州市安溪县广德 3,500 平方米的门店。我们也计划在漳州市漳州港开设一家 15,200 平方米的门店，漳州市龙文一家 192,500 平方米的奥莱和泉州市南安一个 110,800 平方米的奥莱。另外集团还有几个项目也在计划中。自 2011 年 IPO 以来，从一家自营店我们已经已经有了一点成就。

我们相信，集团今年将继续取得令人满意的业绩，我感谢股东的耐心和支持。

李瑞庆

执行主席

2021 年 7 月 13 日



/CEO's Statement

总裁致词



Economic activities in China were disrupted by the on-set of COVID-19 in 1Q2020 but the progress to normality in phases occurred from late March 2020. By April 2020, all our stores are operating on normal hours after having to operate on shortened operating hours in early February 2020. During this unfortunate pandemic, our supply lines were largely unaffected, measures to ensure the safety of our staff and customers were successfully implemented and the Group's finances and operations were largely unaffected.

Despite the adverse effects of COVID-19 in 1H2020, we managed to achieve respectable performance for fiscal year 2020. Our same store sales growth in 2020 was 2.0%, a slight improvement from 1.0% in 2019. Gross profit margin on direct sales was steady at 12.1%, a slight decline from 12.7%. Revenue grew a healthy 17.1% to RMB1,230.2 million and net profit grew 5.8% to RMB55.2 million. Cash flow from operations in 2020 amounted to RMB133.3 million. The better performance for the Group was achieved due to the closure of an underperforming store in 2019, the opening of five new stores between mid-2019 and early 2020, efforts to increase sales, such as several large direct procurement of Kweichow Moutai liquor, and the strong performance of our maiden outlet mall in Changsha. It is worth noting that despite a 2-month closure due to COVID-19 in FY2020, the Changsha outlet, which opened in December 2018, contributed net profit of RMB15.5 million in FY2020, from RMB5.9 million.

Our expansion plan is largely on schedule, slight delay notwithstanding. For our traditional format stores, we have opened a new 7,700 sqm integrated store in March 2021. Within the next 12 months, we plan to add a 3,500 sqm store in Anxi County, Quanzhou City and a 1,200 sqm store in Quangan, Quanzhou City. These openings will raise our self-owned store GFA by 6.9% to 195,400 sqm. Together with three managed stores, we will have a total of 21 stores, excluding the outlets.

We have recognised the attraction of outlet malls in China. These malls are located just outside the city and offer attractive value propositions to consumers. As such, we have put in efforts to expand our footprint in the outlet mall management and operation business. Our next outlet mall project in Wuxi, which is managed by a 50/50 joint venture entity, is scheduled to be operational late 2021. We have also announced joint venture agreements to operate and manage other outlet malls located in Longwen, Zhangzhou City and Nan'an, Quanzhou City.

Barring unforeseen circumstances, we hope to bring another year of satisfactory performance in 2021.

Mr Chen Kaitong
CEO
13 July 2021

/CEO's Statement

总裁致词

中国的经济活动在 2020 年第一季度受到新冠肺炎的影响，但从 2020 年 3 月下旬开始逐步恢复正常。到 2020 年 4 月，我们所有的商店都将正常营业。在这场不幸的疫情中，我们的供应线基本没有受到影响，确保员工和客户安全的措施得到成功实施，集团的财务和运营基本没有受到影响。

尽管新冠肺炎在 2020 年上半年产生了一点不利影响，我们在 2020 年还是取得了良好业绩。2020 年，我们的同店销售额增长率为 2.0%，略高于 2019 年的 1.0%。毛利率稳定在 12.1%，略低于 12.7%。收入增长 17.1%，至人民币 12.3 亿元而净利润增长 5.8%，至人民币 5524 万元。2020 年经营活动产生的现金流为人民币 1.33 亿元。2020 年的净利润增长的因素是由于 2019 年集团关闭了一家表现不佳的门店、2019 年年中至 2020 年初集团开设了 5 家新、集团努力增加销售额，例如直接采购大量的贵州茅台酒、以及长沙奥莱的强劲表现。值得注意的是，于 2018 年 12 月开业的长沙奥莱尽管受了新冠肺炎关闭了 2 个月，但在 2020 财年贡献了人民币 1550 万元的净利润，高于前年的 590 万元人民币。

我们的扩建计划基本上是按计划进行的，尽管有点延误。对于我们的传统形式的商店，我们在 2021 年 3 月新开了一家 7700 平方米的综合商店。在未来 12 个月内，我们计划在泉州市安溪增加一间 3500 平方米的门店和在泉州市泉港增加一间 1200 平方米的门店。这些开业将使我们的自营商店销售面积提高 6.9%，达到 195400 平方米。加上三个管理商店，我们将有 21 个商店。

我们已经看到奥莱商场在中国有一定的吸引力。这些大型购物中心位于城外，为消费者提供物有所值的物品消费需求。因此，我们致力于扩大我们在奥特莱斯购物中心管理和运营业务的足迹。我们在无锡的下一个奥特莱斯购物中心项目，由一个 50/50 的合资公司管理，计划在 2021 年底投入运营。我们还宣布了合资协议，经营和管理位于漳州市龙文和泉州市南安的其他奥特莱斯购物中心。

除非出现不可预见的情况，我们希望在 2021 年取得令人满意的业绩。

陈开通

总裁

2021 年 7 月 13 日

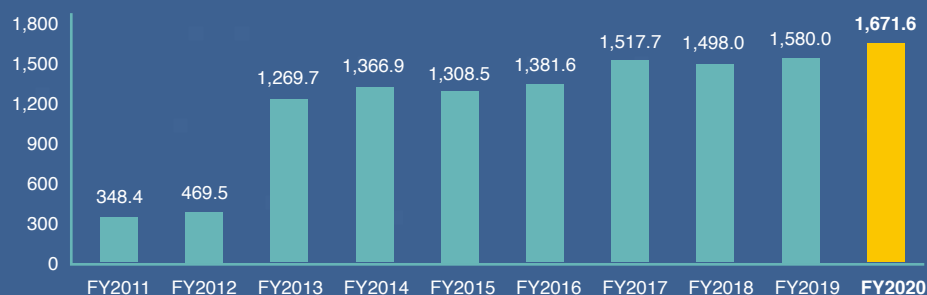


/Financial Highlights

财务摘要

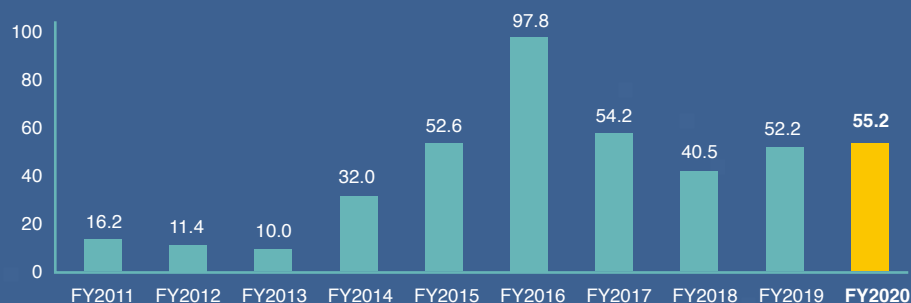
Gross sales proceeds (RMB'Million)

销售所得款项总额 (人民币百万元)



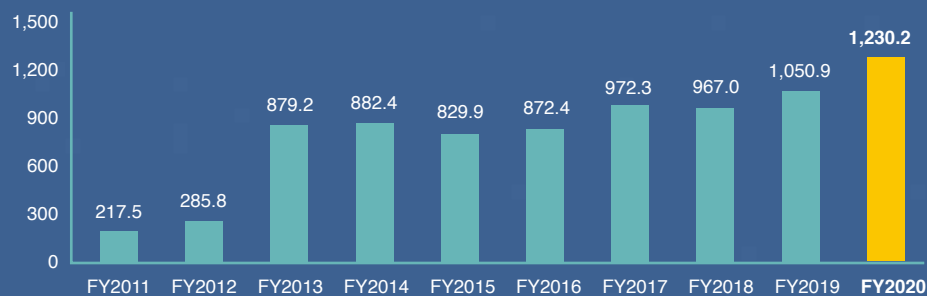
Profit for the year (RMB'Million)

年内利润 (人民币百万元)



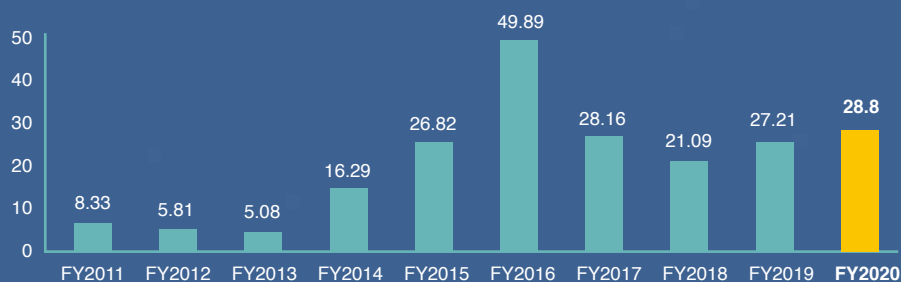
Revenue (RMB'Million)

收入 (人民币百万元)



Earnings per share-Basic and diluted (RMB cents)

每股盈利—基本和稀释 (人民币分)



Financial Highlights

财务摘要

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Financial Results (RMB'000) 财务业绩 (人民币'000)										
Gross sales proceeds 销售所得款项总额 *	348,434	469,541	1,269,709	1,366,916	1,308,535	1,381,641	1,517,687	1,498,022	1,580,035	1,671,578
Revenue 收入	217,499	285,795	879,188	882,350	829,924	872,400	972,340	966,975	1,050,935	1,230,234
Profit before taxation 税前利润	24,669	22,991	28,277	50,476	77,393	149,093	82,132	65,169	77,832	77,924
Profit for the year 年内利润	16,218	11,406	9,982	31,983	52,644	97,823	54,200	40,458	52,187	55,236
Total comprehensive income for the year attributable to equity holders of the Company 公司权益所有者应占全面收入总额	16,255	10,803	10,775	31,803	53,062	97,201	55,500	40,922	52,622	54,704
Financial Position (RMB'000) 财务状况 (人民币'000)										
Non-current assets 非流动资产	23,728	50,079	87,743	110,059	118,120	97,752	212,814	200,128	491,932	443,829
Current assets 流动资产	147,007	210,462	374,819	395,785	425,917	463,099	361,203	394,368	457,013	648,470
Current liabilities 流动负债	(68,070)	(119,835)	(295,597)	(322,646)	(317,723)	(339,278)	(350,952)	(363,435)	(505,856)	(622,989)
Net current assets 净流动资产	78,937	90,627	79,222	73,139	108,194	123,821	10,251	30,933	(48,843)	25,481
Non-current liabilities 非流动负债	(34,784)	(62,022)	(77,505)	(81,183)	(111,543)	(55,862)	(50,772)	(36,607)	(260,409)	(256,163)
Total equity 总权益	67,881	78,684	89,460	102,015	114,771	165,711	172,293	194,454	182,680	213,147
Financial Ratios (RMB cents) 财务比率 (人民币分)										
Earnings per share										
- Basic and diluted 每股盈利 - 基本和稀释	8.33	5.81	5.08	16.29	26.82	49.89	28.16	21.09	27.21	28.80
Net asset value per share 每股净资产值	34.58	40.08	45.57	51.96	58.46	82.37	89.81	101.37	95.23	111.15

* Gross sales proceeds represent the aggregate sum of net amount received and receivable for goods sold by direct sales, gross amount of concessionaire sales, rental income and income from managed rental.
销售所得款项总额指来自自营及联营的销售所得款项、出租及承包的租金收入。

Up and Coming Projects in Fujian

福建省内筹备项目



中闽百汇 —— 漳州港项目

Zhangzhou Port Store

商业面积：15,200 平方米

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

Gross floor area : 15,200 sqm

Description : The store is located in CMZD, which is a state economic development zone in Zhangzhou City created to serve as the administrative, cultural and commercial centre of Zhangzhou Port.



中闽百汇 —— 漳州龙文明发项目

Zhangzhou Longwen Project

商业面积：192,500 平方米

项目介绍：位于漳州市龙文区漳州明发商业广场的奥莱项目，总建筑面积 192,500 平方米（物业商业建筑面积 224,500 平方米）

Gross floor area : 192,500 sqm

Description : The outlet mall project at the Zhangzhou Mingfa Commercial Square will have a total GFA of 192,500 sqm (built-up area of 224,500 sqm).



中闽百汇 —— 安溪光德项目

Quanzhou Guangde Store

商业面积：3,500 平方米

项目介绍：光德店位于安溪县人口密集的一家社区超市。

Gross floor area : 3,500 sqm

Description : The store will be a supermarket located in a densely populated area in Anxi County, Quanzhou City.

Up and Coming Projects outside Fujian 福建省外筹备项目



中闽百汇 —— 无锡项目 Wuxi Project

商业面积 : 380,000 平方米

项目介绍 : 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 : 380,000 sqm

Description : The outlet mall located in Wuxi will have “quality of life” as main theme and offer renowned international and domestic branded goods as well as other leisure, entertainment and F&B options.



/Board of Directors

董事会

Lee Swee Keng

Executive Chairman

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 possesses over 30 years of experience as an entrepreneur, establishing and managing businesses in industries ranging from food and beverage to construction machinery and equipment. As a key founder of the Group, Mr Lee partnered 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 Bakti Masyarakat or "PBM") in 2014.

Chen Kaitong

CEO and Executive Director

Mr Chen Kaitong is a key founder of the Group and was appointed as a Director and CEO 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. In 2010, he was elected Chairman of Quanzhou City Chain Store & Franchise Association. He was also a member of the National People's Congress ("NPC") representing Quanzhou City from 2002 to 2016 and was elected in 2017 to serve as the Quanzhou City representative in the 16th NPC. He was re-elected as Executive Vice President of Quanzhou Federation of Overseas Chinese merchants in 2018.

Andrew Lim Kok-Kin

Executive Director

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. Mr Lim is 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, Senior Fund Manager at Pheim Asset Management (Asia) Pte Ltd and Senior Portfolio Manager at MMG Investments (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).

Su Caiye

Non-Executive Director

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

Dr Ong Seh Hong

Independent Director

Dr Ong Seh Hong was appointed to the Board as an Independent Director in December 2010. He is the Chairman of the Remuneration Committee. Dr Ong is a practising senior consultant psychiatrist. From 2000 to 2009, Dr Ong was with Ren Ci Hospital & Medicare Centre where he last held the posts of Clinical Director and Chief Operating Officer. From 1997 to 1999, he was HR Manager and VP (Corp Services), GIC Special Investment, Government of Singapore Investment Corporation Pte Ltd. He was a Member of Parliament from 2001 to 2011. Dr Ong is also an Independent Director of Dyna-Mac Holdings Ltd, Econ Healthcare (Asia) Limited and Hock Lian Seng Holdings Ltd. Dr Ong holds an MBBS from the National University of Singapore ("NUS") in 1987 and a degree in Master of Science in Applied Finance from NUS. Dr Ong was conferred a PBM in 2001.

Goh Poh Kee

Independent Director

Ms Goh Poh Kee was appointed to the Board as an Independent Director in December 2018. She is the Chairman of the Nominating Committee. She is a corporate service provider providing business and management consulting services as well as corporate compliance services. Between 2012 to 2016, she was a director in KPMG Singapore's Advisory unit and moved on to head the Finance and Administration functions of KPMG Singapore firm. Before that, Ms Goh was the Chief Financial Officer of SGX Catalyst firm Equation Corp Limited from 2005 to 2009 and a Special Assistant to the CEO from 2009 to 2012. She has over 30 years of finance, accounting and business management related work experiences with various corporations throughout her career. Miss Goh holds a Bachelor of Accountancy degree from NUS and she is a Fellow Chartered Accountant of Singapore.

Choy Bing Choong

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 NUS. Mr Choy has 29 years of experience in a variety of roles in multiple industries and countries. He is currently a Director and Group Chief Operating Officer 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.

/Key Management

高级管理层

Su Jianli

Deputy CEO (Marketing and Operations)

Mr Su Jianli joined the Group in December 2008. His responsibilities include assisting the CEO 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 and 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 CEO (Administration and Human Resources)

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

Jeffrey Kan Kai Hi

Chief Financial Officer

Mr Jeffrey Kan joined the Group in July 2010 and is responsible for overseeing matters relating to accounting, financial administration and the compliance and reporting obligations of the Group. Prior to joining the Group, Mr Kan held key appointments, including the financial controller of Asia Water Technology Ltd, Chief Financial Officer of Econat Fiber Limited, regional financial controller of BreadTalk Group Limited and financial controller of Ghimli Group where he started as a controlling accountant. He was with several audit firms from 1998 and last held the title of audit senior at KPMG (Singapore). Mr Kan holds a Bachelor of Commerce (Accounting) degree from Curtin University of Technology, Australia and is a fellow member of CPA Australia.





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 31 December 2020 (“**FY2020**”), with specific reference made to each of the principles of the Code of Corporate Governance 2018 (the “**Code**”). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

Principle 1: The company is headed by an effective Board which 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 29 June 2020	Board	Board Committees		
			Audit	Nominating	Remuneration
Number of meetings held	1	3	3	3	1
			Number of meetings attended		
Mr. Lee Swee Keng	1	3	3*	3*	1*
Mr. Chen Kaitong	1	3 [#]	3 ^{**}	2 ^{**}	1 ^{**}
Mr. Su Caiye	1	3 [#]	3 ^{**}	2 ^{**}	N.A.
Mr. Andrew Lim Kok-Kin	1	3	3*	3	N.A.
Mr. Choy Bing Choong	1	3	3	3	1
Dr. Ong Seh Hong	1	3	3	3	1
Ms. Goh Poh Kee	1	3	3	3	1

* By Invitation

Attended via teleconference

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

/ Corporate Governance Report

企业治理

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

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Board and appointment of key personnel;
- quarterly and full-year results announcement, the annual report and accounts;
- interested person transactions;
- material acquisitions and disposal of assets;
- identification of the key stakeholder groups and recognition that their perceptions affect the Company's reputation;
- setting of the Company's value and standards (including ethical standards, 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; 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 Directors with no prior experience as a Director of a listed company undergo 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 trainings 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 for their continuing education and skills improvement.

Directors are also provided with an insight into the Group's operational facilities and periodically meet with the management of the Company ("**Management**") to gain a better understanding of the Group's business operations. The Board as a whole is updated on risks management and the key changes in the relevant 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 by the positive role it plays in community engagement and towards environmental sustainability. The Company strongly encourages its staff to be aware of social issues, to participate in fundraising initiatives, community projects and activities.

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 (Cap. 50 of Singapore), 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 FY2020, the Board comprised seven (7) members, three (3) of whom hold executive positions, one (1) of whom is a Non-Executive Non-Independent Director 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. Andrew Lim Kok-Kin	Executive Director
Mr. Su Caiye	Non-Executive Non-Independent Director
Mr. Choy Bing Choong	Lead Independent Director
Dr. Ong Seh Hong	Independent Director
Ms. Goh Poh Kee	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.

As at the date of this Annual Report, the current Board comprises seven members, with three (3) out of seven (7) 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,

/ Corporate Governance Report

企业治理

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 49 years old to 61 years old, to allow for a more diversified contribution to the Board.

Whilst the prevailing applicable guideline of the Code would be that majority of the Board be comprised of Independent Directors since the Executive Chairman, Mr. Lee Swee Keng, is not an Independent Director, the Board is satisfied that the Principle that there be a strong and independent element is still adhered to. This is because all the board committee meetings are chaired by the Independent Directors, and majority of the Board is comprised of Non-Executive Directors who have consistently proven to exercise independent business judgement in 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. 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.

Other than Dr. Ong Seh Hong, 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. The Nominating Committee and the Board have conducted a rigorous review on the independence of Dr. Ong Seh Hong and noted that he and his immediate family have 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. It is noted that Rule 210(5)(d)(iii) of the Listing Manual, which comes into effect on 1 January 2022, provides that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer. In light of the foregoing, Dr. Ong Seh Hong will be stepping down at the forthcoming Annual General Meeting ("**AGM**").

In this regard, the Board will be proposing the appointment of Mr. Kho Kewee as an Independent Director of the Board at the forthcoming AGM subject to the approval of the shareholders of the Company, pursuant to the recommendation of the Nominating Committee. If Mr. Kho Kewee should be appointed at the forthcoming AGM, he will be appointed as an Independent Director of the Board.

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 Non-executive Directors and/or 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.

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 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.

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 FY2020, the members of the Company's Nominating Committee during the financial period under review are Ms. Goh Poh Kee, Dr. Ong Seh Hong, Mr. Choy Bing Choong and Mr. Andrew Lim Kok-Kin. As Dr. Ong Seh Hong will be stepping down at the forthcoming AGM, the Board will be proposing the appointment of Mr. Kho Kewee as an Independent Director at the forthcoming AGM, subject to the approval of the shareholders of the Company. If he should be so appointed at the forthcoming AGM, he will be appointed as a member of the Nominating Committee. As at the date of this Annual Report, there are three (3) Independent Directors, all of whom, including the Lead Independent Director being Mr. Choy Bing Choong, comprise the Nominating Committee. As such, a majority of the Nominating Committee, and the Chairman of the Nominating Committee being Ms. Goh Poh Kee, are Independent Directors. 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;
- (b) to decide how the Board, its board committees and directors' performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

/ Corporate Governance Report

企业治理

- (c) the review of training and professional development programmes for the Board;
- (d) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour);
- (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 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 circumstance 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 has multiple board representations and other principal commitments, and is able to and has adequately carried out his duties as a Director notwithstanding such commitments. The Nominating Committee is satisfied that sufficient time and attention to the affairs of the Company 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.

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.

/ Corporate Governance Report

企业治理

In assessing potential new directors, the Nominating Committee considers selection criterion 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, Mr. Andrew Lim Kok-Kin and Ms. Goh Poh Kee be nominated for re-election at the forthcoming AGM. In making the recommendation, the Nominating Committee has considered the Directors' overall contributions and performance. However, Mr. Andrew Lim Kok-Kin will not be seeking re-election at the forthcoming AGM pursuant to Regulation 106 of the Constitution.

Ms. Goh Poh Kee will, upon re-election, remain as Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Mr. Lee Swee Keng will, upon re-election, remain as Executive Chairman of the Board.

Mr. Su Caiye will also be stepping down as Non-Executive Non-Independent Director at the forthcoming AGM to facilitate progressive renewal of the Board pursuant to Provision 4 of the Code.

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 ²
LEE SWEE KENG	61	Executive Chairman	17 September 2004	26 April 2019	NIL	<ol style="list-style-type: none"> 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	54	Chief Executive Officer and Executive Director	9 December 2008	29 June 2020	NIL	NIL
ANDREW LIM KOK-KIN	57	Executive Director	1 January 2012	26 April 2019	NIL	NIL
SU CAIYE	49	Non-Executive Non-Independent Director	9 December 2008	29 June 2020	NIL	NIL

/ Corporate Governance Report

企业治理

Name	Age	Appointment	Date of initial appointment	Date of last re-election or re-appointment	Directorship in other listed companies	Principal Commitments ²
CHOY BING CHOONG	54	Lead Independent Director	31 December 2019	29 June 2020	1. Hiap Tong Corporation Ltd 2. Hoe Leong Corporation Ltd 3. Natural Cool Holdings Limited	Natural Cool Holdings Limited
DR ONG SEH HONG	58	Independent Director	23 December 2010	29 June 2020	1. Dyna-Mac Holdings Ltd 2. Hock Lian Seng Holdings Limited 3. Econ Healthcare (Asia) Limited	Khoo Teck Puat Hospital
GOH POH KEE	54	Independent Director	31 December 2018	26 April 2019	NIL	AboveTrust Partners Pte Ltd

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

² 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.

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 FY2020 and as at the date of this Annual Report, the members of the Company's Remuneration Committee during the financial period under review are Ms. Goh Poh Kee, Dr. Ong Seh Hong and Mr. Choy Bing Choong. The Remuneration Committee is entirely constituted by Independent Directors, and the Chairman of the Remuneration Committee is Dr. Ong Seh Hong, an Independent Director. As Dr. Ong Seh Hong will be stepping down at the forthcoming AGM, the Board will be proposing the appointment of Mr. Kho Kewee as an Independent Director at the forthcoming AGM, subject to the approval of the shareholders of the Company. If he should be so appointed at the forthcoming AGM, he will be appointed as a member of the Remuneration Committee. Mr. Choy Bing Choong will be appointed in replacement of Dr. Ong Seh Hong as the Chairman of the Remuneration Committee.

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 FY2020.

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.

/ Corporate Governance Report

企业治理

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, and with Mr. Andrew Lim Kok-Kin (the Executive Director) commencing 31 May 2015. They are valid for an initial period of three (3) years (the “Initial Term”) each and upon the expiry of the Initial 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 includes 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 promotes 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 financial period under review by percentage (%) is as follows:

Remuneration Band and Name of Director	Base / Fixed salary	Directors’ fees	Variable or performance benefits related income / Bonus	Other Benefits
Above S\$250,000 and below S\$500,000				
Mr. Lee Swee Keng	73%	–	24%	3%
Mr. Chen Kaitong	75%	–	25%	–
Below S\$250,000				
Mr. Andrew Lim Kok-Kin	79%	–	13%	8%
Mr. Su Caiye	–	100%	–	–
Mr. Choy Bing Choong	–	100%	–	–
Dr. Ong Seh Hong	–	100%	–	–
Ms. Goh Poh Kee	–	100%	–	–

/ Corporate Governance Report

企业治理

There are only four (4) management personnel whom the Company considered to be key management personnel (who are not Directors or the Chief Executive Officer). Accordingly, these four (4) 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	79%	–	20%	2%
Ms. Wang Liyu	79%	–	20%	2%
Ms. Anna Li ³	100%	–	–	–
Mr. Jeffrey Kan Kai Hi	74%	–	18%	8%

³ Ms. Anna Li has resigned from the Group with effect from 5 June 2020.

In considering the disclosure of remuneration of these four (4) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of 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 four (4) key management personnel of the Company (who are not Directors or the Chief Executive Officer) for FY2020 is approximately S\$557,548.

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. The Company has also disclosed the level and mix remuneration of the four (4) key management personnel (who are not Directors or the Chief Executive Officer), in percentage terms in a single band of S\$250,000. 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, Executive Directors and the four (4) 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 FY2020. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

/ Corporate Governance Report

企业治理

No employee who is a substantial shareholder of the Company was paid more than S\$100,000 during FY2020. Pursuant to Division 4 of Part IV of the Companies Act (Cap. 50 of Singapore), 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, half- and full-year result announcements to its shareholders, it is the objective of the Board to provide its shareholders with a reasonable understanding of the Group's financial position, performance and prospects.

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

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 the compliance of Rule 1207(10) of the Listing Manual, the Board has engaged an external consultant to review the adequacy and effectiveness of the Company's internal control system in FY2020 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 Chief Executive Officer and the Chief Financial Officer have provided assurance that as at the end of FY2020 (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 FY2020 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, Dr. Ong Seh Hong and Ms. Goh Poh Kee. As Dr. Ong Seh Hong will be stepping down at the forthcoming AGM, the Board will be proposing the appointment of Mr. Kho Kewee as an Independent Director at the forthcoming AGM, subject to the approval of the shareholders of the Company. If he should be so appointed at the forthcoming AGM, he will be appointed as a member of the Audit Committee. 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,

Ernst & Young 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.

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

- (a) review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with international financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (b) review and report to the Board at least annually the adequacy and effectiveness of the Company's risk management systems and internal controls, including financing, operational, compliance and information technology controls;
- (c) review the periodic consolidated financial statements comprising the assurance from CEO and CFO, the profit and loss statements and the balance sheets and such other information required by the Listing Manual, before submission to the Board for approval;
- (d) consider the appointment and re-appointment of the external auditors including matters relating to resignation or dismissal thereof and the remuneration and terms of engagement of the external auditors;
- (e) review the audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls in the course of the audit of the Group's financial statements and internal control audit respectively;
- (f) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- (g) review and discuss with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (h) review the co-operation given by the management to the external auditors;
- (i) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (j) review the guidelines and review procedures set out in the "Interested Person Transactions and Potential Conflicts of Interests" section of the Company's Offer Document and future interested person transactions, if any;
- (k) monitor the undertaking described in the "Interested Person Transactions and Potential Conflicts of Interests – Potential Conflicts of Interest" section of the Company's Offer Document;
- (l) review any potential conflicts of interest;
- (m) review the adequacy and supervision of the finance and accounting team on a regular basis;

/ Corporate Governance Report

企业治理

- (n) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- (o) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on 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.

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 three (3) 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 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- 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 FY2020.

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 periodic and random stock-taking procedures, inventory reconciliations, security and surveillance measures, inventory level control, as well as the cost recognition at net 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.

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, which is 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

/ Corporate Governance Report

企业治理

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 FY2020.

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.

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 (Cap. 50 of Singapore), 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- 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- and full-year results announcements which are published on the SGXNet and in news releases;
- (2) the Company's annual reports that are prepared and issued to all shareholders;

- (3) notices of and explanatory memoranda, for AGMs and extraordinary general meetings; and
- (4) press releases on major developments of the Group.

AGMs are the main forum for communication with shareholders. Annual reports and notices of the AGMs are sent to all shareholders. However, 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, printed copies of the Notice of AGM and the Annual Report for FY2020 will not be sent to shareholders. Instead, the Notice of AGM and the Annual Report for FY2020 have been made available on the Company's website at www.zhongminbaihui.com.sg/NewsList.aspx 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.

Shareholders are given the opportunity to vote at general meetings. Previously, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company had decided not to implement voting in absentia by mail or electronic means. However, the voting at AGM for FY2020 will be done by proxy and all shareholders who wish to vote on any or all of the resolutions at the AGM 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.

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 director 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.

/ Corporate Governance Report

企业治理

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 FY2020, please refer to the Company's Sustainability Report which was published on SGXNet on 28 May 2021.

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

DEALINGS IN SECURITIES

The Company has adopted the best practices on dealings in securities set out in Rule 1207(19) of the Listing Manual and made known the best practices to Directors and officers. In early 2020, the Board has decided not to continue with quarterly reporting and instead release the financial statements of the Company and the Group on a half-yearly basis following the amendments to the Listing Rules which took effect on 7 February 2020. During the transition from quarterly to half-yearly reporting, the Company made a purchase of 8,000 shares of the Company at S\$0.5949 by way of market purchase on 16 July 2020, twenty-nine (29) days before the announcement of the Company's half-year results. The 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 during the two (2) weeks before the announcement of the Company's results for each of the first three quarters of its financial year and the one (1) month before the announcement of the Company's half- 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 (Cap. 289 of Singapore), for a listed issuer or its key executives to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and executives are expected and reminded to observe insider-trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

AUDITOR AND AUDIT FEES

The aggregate amount of fees paid to Ernst & Young LLP in FY2020 was S\$352,400 of which audit fees amounted to approximately S\$350,000. 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

Save for a fee of S\$2,400 for tax-related services, no other non-audit fees were paid to the Group's Auditor, Ernst & Young LLP for FY2020. 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 FY2020 or still subsisting as at 31 December 2020 which involved the interests of the Chief Executive Officer, any of the Directors or controlling shareholders of the Company.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 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)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB4,718,160	–
Sales commission charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB768,084	–
Rental agreement entered into with a related party (lessor): Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB1,098,225	–

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.

/ Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Zhongmin Baihui Retail Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lee Swee Keng
Chen Kaitong
Andrew Lim Kok-Kin
Su Caiye
Choy Bing Choong
Ong Seh Hong
Goh Poh Kee

Arrangements to enable directors to acquire shares and debentures

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

Directors' interest in shares and debentures

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

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Lee Swee Keng	48,290,700	48,290,700	—	—
Chen Kaitong	47,400,680	47,400,680	—	—
Su Caiye	24,040,700	24,040,700	—	—
Andrew Lim Kok-Kin	892,900	892,900	—	—

There was no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 January 2021.

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.

Options

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

Audit Committee

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

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

/ Directors' Statement

Audit Committee (cont'd)

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

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

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

Auditor

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

On behalf of the board of directors,

Lee Swee Keng
Director

Chen Kaitong
Director

Singapore
13 July 2021

/ Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.
For the financial year ended 31 December 2020

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 (collectively, the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS (I)) 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 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

/ Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.
For the financial year ended 31 December 2020

Key Audit Matters (cont'd)

Cash and bank balances

The Group's cash and bank balances were significant as they represented 30% of the Group's total assets balance. The cash and bank balances held by the Company and its subsidiaries represented 5% and 95% 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. For the cash floats held by the employees, we performed surprise cash counts on a sample basis for selected cash floats held and performed rollforward procedures as at year end.

We also focused on the adequacy of the disclosures related to cash and bank balances in Note 21 to the consolidated financial statements.

Gold Inventory

The Group's gold inventory balance represents 7% of the Group's total current assets balance. 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 realizable 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 represent 14% and 18% of the Group's total assets balance respectively. For the financial year ended 31 December 2020, 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 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 internal valuation specialists to assist us in assessing the appropriateness of management's assumptions such as discount rate applied in the value-in-use 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. In addition, we reviewed management's analysis of the sensitivity of the recoverable amount to changes in certain key assumptions. We have also considered the adequacy of the disclosures in Note 8 and 24 of the financial statements.

/ Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.
For the financial year ended 31 December 2020

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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. If, based on the work we have performed, 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.

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), 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.
For the financial year ended 31 December 2020

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, related safeguards.

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 Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

13 July 2021

/ Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

		Group	
	Note	2020 RMB	2019 RMB
Revenue	4	1,230,233,985	1,050,935,101
Cost of sales		(946,927,887)	(752,749,598)
Gross profit		283,306,098	298,185,503
Other income		94,259,840	92,526,468
Interest income		6,676,841	3,874,913
Selling and distribution expenses		(199,440,612)	(194,697,556)
Finance costs		(15,004,968)	(15,898,102)
Impairment loss on financial assets	17	–	(2,523,900)
Administrative expenses		(100,768,181)	(106,772,621)
Profit before tax and share of results of joint ventures and associates		69,029,018	74,694,705
Share of results of joint ventures	11	(3,977,218)	(1,508,162)
Share of results of associates	12	12,871,972	4,645,846
Profit before tax	5	77,923,772	77,832,389
Income tax expense	6	(22,688,411)	(25,645,363)
Profit for the year		55,235,361	52,187,026
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain		(531,320)	436,006
Other comprehensive income for the year, net of tax		(531,320)	436,006
Total comprehensive income for the year attributable to the owners of the Company		54,704,041	52,623,032
Earnings per share (cents per share)			
Basic and diluted	7	28.80	27.21

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

/ Balance Sheets

As at 31 December 2020

		Group		Company	
	Note	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Non-current assets					
Property, plant and equipment	8	151,568,558	149,715,101	28,979	50,566
Right-of-use assets	24	199,398,023	266,059,182	130,279	467,632
Intangible assets	9	3,809,553	3,809,553	–	–
Investment in subsidiaries	10	–	–	63,256,736	48,377,841
Investment in joint ventures	11	8,554,620	3,531,838	–	–
Investment in associates	12	42,567,577	33,746,630	–	–
Prepayments	16	5,066,959	–	–	–
Other receivables	17	11,863,650	11,008,163	77,038	71,701
Deferred tax assets	14	17,213,889	19,321,284	1,157	1,628
Other assets	25	3,786,347	4,740,226	–	–
		443,829,176	491,931,977	63,494,189	48,969,368
Current assets					
Inventories	15	159,543,766	117,804,452	–	–
Prepayments	16	67,526,492	13,957,255	28,536	23,548
Trade and other receivables	17	45,289,927	15,626,508	346	2,477
Amount due from a subsidiary	18	–	–	65,473,185	18,947,368
Amount due from an associate	19	41,400,000	29,700,000	–	–
Amount due from related parties	20	10,363,698	9,885,054	–	–
Cash and cash equivalents	21	324,345,927	260,040,551	15,293,132	5,355,273
Restricted cash	22	–	10,000,000	–	–
		648,469,810	457,013,820	80,795,199	24,328,666
Less: Current liabilities					
Loans and borrowings	31	2,571,775	–	2,571,775	–
Trade and other payables	23	429,703,320	363,744,114	378	907
Lease liabilities	24	62,783,315	63,963,572	137,087	335,435
Other liabilities	25	38,870,792	37,753,860	2,858,501	2,503,720
Amount due to related parties	20	68,885,044	24,854,339	–	–
Income tax payable		20,174,546	15,540,474	–	31
		622,988,792	505,856,359	5,567,741	2,840,093
Net current assets/(liabilities)		25,481,018	(48,842,539)	75,227,458	21,488,573
Non-current liabilities					
Loans and borrowings	31	61,619,716	–	61,619,716	–
Lease liabilities	24	180,022,270	247,925,726	–	141,771
Deferred tax liabilities	14	14,520,777	12,483,289	10,821,132	9,698,567
Net assets		213,147,431	182,680,423	66,280,799	60,617,603
Equity attributable to the owners of the Company					
Share capital	26	67,147,926	67,147,926	67,147,926	67,147,926
Treasury shares	27	(25,030,914)	(24,853,005)	(25,030,914)	(24,853,005)
Reserves	28	171,030,419	140,385,502	24,163,787	18,322,682
Total equity		213,147,431	182,680,423	66,280,799	60,617,603

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

/ Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to owners of the Company					Foreign currency translation reserve (Note 28a) RMB
	Equity, total RMB	Share capital (Note 26) RMB	Treasury shares (Note 27) RMB	Reserves, total RMB	Statutory reserve fund (Note 28b) RMB	
2020						
Opening balance at 1 January 2020	182,680,423	67,147,926	(24,853,005)	140,385,502	27,352,359	242,194
Profit for the year	55,235,361	-	-	55,235,361	-	-
Other comprehensive income						
Exchange differences on translating foreign operations	(531,320)	-	-	(531,320)	-	(531,320)
Total comprehensive income for the year	54,704,041	-	-	54,704,041	-	(531,320)
Contributions by and distributions to owners						
Purchase of treasury shares	(177,909)	-	(177,909)	-	-	-
Dividends (Note 36)	(24,059,124)	-	-	(24,059,124)	(24,059,124)	-
Total contributions by and distributions to owners	(24,237,033)	-	(177,909)	(24,059,124)	-	-
Others						
Transfer to statutory reserve fund	-	-	-	-	(5,443,402)	5,443,402
Closing balance at 31 December 2020	213,147,431	67,147,926	(25,030,914)	171,030,419	32,795,761	(289,126)

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

/ Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to owners of the Company						Foreign currency translation reserve (Note 28a) RMB
	Equity, total RMB	Share capital (Note 26) RMB	Treasury shares (Note 27) RMB	Reserves, total RMB	Revenue reserve RMB	Statutory reserve fund (Note 28b) RMB	
2019							
Opening balance at 1 January 2019	194,453,945	67,147,926	(24,853,005)	152,159,024	125,000,477	27,352,359	(193,812)
Cumulative effects of adopting SFRS (I) 16	(35,165,339)	-	-	(35,165,339)	(35,165,339)	-	-
Opening balance at 1 January 2019	159,288,606	67,147,926	(24,853,005)	116,993,685	89,835,138	27,352,359	(193,812)
Profit for the year	52,187,026	-	-	52,187,026	52,187,026	-	-
Other comprehensive income							
Exchange differences on translating foreign operations	436,006	-	-	436,006	-	-	436,006
Total comprehensive income for the year	52,623,032	-	-	52,623,032	52,187,026	-	436,006
Contributions by and distributions to owners							
Purchase of treasury shares	-	-	-	-	-	-	-
Dividends (Note 36)	(29,231,215)	-	-	(29,231,215)	(29,231,215)	-	-
Total contributions by and distributions to owners	(29,231,215)	-	-	(29,231,215)	(29,231,215)	-	-
Closing balance at 31 December 2019	182,680,423	67,147,926	(24,853,005)	140,385,502	112,790,949	27,352,359	242,194

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

/ Statements of Changes in Equity

For the financial year ended 31 December 2020

Company	Equity, total RMB	Share capital (Note 26) RMB	Treasury shares (Note 27) RMB	Reserves, total RMB	Revenue reserve RMB	Foreign currency translation reserve (Note 28a) RMB
2020						
Opening balance at 1 January 2020	60,617,603	67,147,926	(24,853,005)	18,322,682	18,090,612	232,070
Profit for the year	30,431,549	-	-	30,431,549	30,431,549	-
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	(531,320)	-	-	(531,320)	-	(531,320)
Total comprehensive income for the year	29,900,229	-	-	29,900,229	30,431,549	(531,320)
<u>Contributions by and distributions to owners</u>						
Purchase of treasury shares	(177,909)	-	(177,909)	-	-	-
Dividends (Note 36)	(24,059,124)	-	-	(24,059,124)	(24,059,124)	-
Total contributions by and distributions to owners	(24,237,033)	-	(177,909)	(24,059,124)	(24,059,124)	-
Closing balance at 31 December 2020	66,280,799	67,147,926	(25,030,914)	24,163,787	24,463,037	(299,250)

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

/ Statements of Changes in Equity

For the financial year ended 31 December 2020

Company	Equity, total RMB	Share capital (Note 26) RMB	Treasury shares (Note 27) RMB	Reserves, total RMB	Revenue reserve RMB	Foreign currency translation reserve (Note 28a) RMB
2019						
Opening balance at 1 January 2019	65,239,973	67,147,926	(24,853,005)	22,945,052	23,148,988	(203,936)
Cumulative effects of adopting SFRS (I) 16	(15,937)	-	-	(15,937)	(15,937)	-
Opening balance at 1 January 2019	65,224,036	67,147,926	(24,853,005)	22,929,115	23,133,051	(203,936)
Profit for the year	24,188,776	-	-	24,188,776	24,188,776	-
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	436,006	-	-	436,006	-	436,006
Total comprehensive income for the year	24,624,782	-	-	24,624,782	24,188,776	436,006
<u>Contributions by and distributions to owners</u>						
Purchase of treasury shares	-	-	-	-	-	-
Dividends (Note 36)	(29,231,215)	-	-	(29,231,215)	(29,231,215)	-
Total contributions by and distributions to owners	(29,231,215)	-	-	(29,231,215)	(29,231,215)	-
Closing balance at 31 December 2019	60,617,603	67,147,926	(24,853,005)	18,322,682	18,090,612	232,070

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

/ Consolidated Cash Flow Statement

For the financial year ended 31 December 2020

	Note	2020 RMB	2019 RMB
Cash flows from operating activities			
Profit before taxation		77,923,772	77,832,389
Adjustments for:			
Depreciation of property, plant and equipment	8	12,284,191	12,254,293
Depreciation of right-of-use assets	24	66,641,044	65,730,310
Impairment on property, plant and equipment	8	–	1,175,919
Impairment on right-of-use assets	24	6,151,268	866,471
Impairment on other receivables	17	–	2,523,900
Net gain on disposal of property, plant and equipment		(5,995)	(17,805)
Write-back of impairment on deposits	17	–	(1,987,800)
Write-back of lease liabilities	5	–	(3,834,012)
Amortisation of step rental income		132,142	(825,984)
Accrued step rental income written off	5	821,737	3,446,992
Provision for termination of lease	5	–	2,001,048
Inventories written back		(305,053)	–
Interest income		(6,676,841)	(3,874,913)
Finance costs		15,004,968	15,898,102
Rent concession		(7,110,155)	–
Share of results of joint ventures		3,977,218	1,508,162
Share of results of associates		(12,871,972)	(4,645,846)
Unrealised exchange difference		(1,490,347)	215,215
Operating cash flows before changes in working capital		154,475,977	168,266,441
Increase in inventories		(41,434,261)	(17,672,260)
Increase in prepayments		(53,570,397)	(8,009,185)
Increase in trade and other receivables		(29,067,306)	(577,807)
Increase in trade and other payables		110,999,049	79,188,382
Cash flows generated from operation		141,403,062	221,195,571
Interest received		5,380,339	3,874,913
Tax paid		(13,443,747)	(23,442,859)
Net cash flows generated from operating activities		133,339,654	201,627,625
Cash flows from financing activities			
Dividends paid	36	(24,059,124)	(29,231,215)
Interest on lease liabilities paid		(13,034,281)	(14,626,449)
Interest paid on loans and bonds		(1,587,172)	–
Purchase of treasury shares		(177,909)	–
Proceeds from loans and borrowings		65,010,400	–
Repayment of lease liabilities		(68,897,071)	(78,196,417)
Net cash flows used in financing activities		(42,745,157)	(122,054,081)
Cash flows from investing activities			
Dividend received	12	4,051,025	–
Purchase of property, plant and equipment	8	(14,147,803)	(17,864,736)
Investment in a joint venture	11	(9,000,000)	(5,040,000)
Amount due from an associate		(11,700,000)	(15,300,000)
Prepayments	16	(5,066,959)	–
Proceeds from disposal of property, plant and equipment		15,000	20,120
Bank deposit pledged	22	10,000,000	11,100,000
Net cash flows used in investing activities		(25,848,737)	(27,084,616)
Net increase in cash and cash equivalents		64,745,760	52,488,928
Effect of exchange rate changes on cash and cash equivalents		(440,384)	527,362
Cash and cash equivalents at beginning of financial year		260,040,551	207,024,261
Cash and cash equivalents at end of financial year	21	324,345,927	260,040,551

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

1. Corporate information

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 activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the 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)).

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, 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 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

Amendments to SFRS(I) 3: Definition of a Business

The amendment to SFRS(I) 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to SFRS(I) 7, SFRS(I) 9 and SFRS(I) 1-39 Interest Rate Benchmark Reform

The amendments to SFRS(I) 9 and SFRS(I) 1-39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.2 Changes in accounting policies and disclosures (cont'd)

New and amended standards and interpretations (cont'd)

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to SFRS(I) 16 Covid-19 Related Rent Concessions

Amendment to SFRS(I) 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 31 December 2020, certain monthly lease payments for the leases of the Group's leasehold buildings have been waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB 7,110,155 has been credited to profit or loss for the year ended 31 December 2020.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.3 *Standard issued but not yet effective*

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

Amendments to SFRS(I) 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to SFRS(I) 9	
SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	<i>Interest Rate Benchmark Reform - Phase 2</i> ¹
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
SFRS(I) 17	<i>Insurance Contracts</i> ³
Amendments to SFRS(I) 17	<i>Insurance Contracts</i> ^{3,5}
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to SFRS(I) 1-1	<i>Disclosure of Accounting Policies</i> ³
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i> ³
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ²
Amendments to SFRS(I) 1-37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i> ²
Annual Improvements to SFRS(I) Standards 2018-2020	<i>Amendments to SFRS(I) 1, SFRS(I) 9, Illustrative Examples accompanying SFRS(I) 16, and SFRS(I) 1-41</i> ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the amendments to SFRS(I) 17 issued in June 2020, SFRS(I) 4 was amended to extend the temporary exemption that permits insurers to apply SFRS(I) 1-39 rather than SFRS(I) 9 for annual periods beginning before 1 January 2023

Further information about those SFRS(I)s that are expected to be applicable to the Group is described below.

Amendments to SFRS(I) 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to SFRS(I) 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of SFRS(I) 1-37 or SFRS(I) INT 21 if they were incurred separately rather than assumed in a business combination, an entity applying SFRS(I) 3 should refer to SFRS(I) 1-37 or SFRS(I) INT 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.3 *Standard issued but not yet effective*

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of SFRS(I) 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB based on the Loan Prime Rate ("LPR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to SFRS(I) 10 and SFRS(I) 1-28 address an inconsistency between the requirements in SFRS(I) 10 and in SFRS(I) 1-28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to SFRS(I) 10 and SFRS(I) 1-28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to SFRS(I) 1-1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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 year ended 31 December 2020. 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.

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 reassesses 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 derecognises (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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

(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 remeasured 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 remeasured and subsequent settlement is accounted for within equity.

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 reassessment, 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 31 December. 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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

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

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

2.6 *Property, plant and equipment*

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any 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 31 December 2020

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 write off the cost 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 derecognised 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 derecognised 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 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*

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.8 *Impairment of non-financial assets (cont'd)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

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 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 *Joint ventures and associates*

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

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.

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.11 *Joint ventures and associates (cont'd)*

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.

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.

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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:

Debt instruments

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 derecognised, modified or impaired.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised 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 derecognised as well as through the effective interest rate amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or substantially modified, such an exchange or modification is treated as a derecognition 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. Summary of significant accounting policies (cont'd)

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.

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.

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.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits 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.

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.18 Leases (cont'd)

(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 remeasurement 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	–	3 - 20 years
Prepaid land lease payments	–	50 years

The right-of-use assets are also subject to impairment. Refer to accounting 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.

(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.

(d) **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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

(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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.21 Taxes (cont'd)

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

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 and share issuance expenses*

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

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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 balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 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.

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.

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.

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

The Group recognised impairment loss in respect of the property, plant and equipment and right-of-use asset of its subsidiaries. The impairment assessment involves significant judgements and estimates in determination of the recoverable amount, in particular those relating to gross margin, growth rates as well as overall market and economic conditions of the industry. The carrying amount of the Group's property, plant and equipment and right-of-use asset and their impairment loss recognised at the end of the reporting period are disclosed in Note 5 and 24 of the financial statement.

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.

	Group	
	2020 RMB	2019 RMB
Direct sales	1,076,793,703	862,384,930
Commission from concessionaire sales	103,593,043	132,180,940
Rental income	37,145,196	42,564,061
Managed rental	12,702,043	13,805,170
	<u>1,230,233,985</u>	<u>1,050,935,101</u>

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

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

	Group	
	2020 RMB	2019 RMB
Direct sales	1,076,793,703	862,384,930
Gross proceeds from concessionaire sales	544,936,686	661,280,557
Rental income	37,145,196	42,564,061
Managed rental	12,702,043	13,805,170
Gross sales proceeds*	<u>1,671,577,628</u>	<u>1,580,034,718</u>

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

Judgement and methods used in estimating revenue

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 the past 5 years. 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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

5. Profit before tax

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

	Group	
	2020 RMB	2019 RMB
Other income:		
Advertisement and promotional income	64,047,277	66,972,138
Exchange gain/(loss), net	2,251,058	(556,457)
Leisure facilities fees	1,131,209	1,356,147
Management fees (Note 32a)	4,718,160	4,924,528
Net gain on disposal of property, plant and equipment	5,995	17,805
Rent concession	7,110,155	–
Write-back of impairment on rental deposits (Note 17)	–	1,987,800
Write-back on termination of lease, net (Note 24)	–	3,834,012
Government grants	5,179,880	–
Selling and distribution expenses:		
Employee benefit expense		
- Defined contribution plans	(8,175,215)	(10,359,328)
- Salaries, wages, bonuses and other costs	(69,212,657)	(65,649,399)
Rental expenses	(1,474,066)	–
Utilities	(20,808,190)	(21,918,018)
Advertisement and promotion fees	(8,200,098)	(8,667,396)
Depreciation of right-of-use assets (Note 24)	(66,641,044)	(65,730,310)
Impairment loss on financial assets:		
- Other receivables (Note 17)	–	(2,523,900)
Administrative expenses:		
Employee benefit expenses		
- Defined contribution plans	(4,991,496)	(6,625,067)
- Salaries, wages, bonuses and other costs	(57,380,708)	(60,771,174)
Accrued step rental income written off	(821,737)	(3,446,992)
Bank charges	(3,941,728)	(4,083,418)
Directors' fees	(770,123)	(779,486)
Depreciation of property, plant and equipment (Note 8)	(12,284,191)	(12,254,293)
Impairment on property, plant and equipment (Note 8)	–	(1,175,919)
Impairment on right-of-use assets (Note 24)	(6,151,268)	(866,471)
Office supplies	(1,345,456)	(1,453,569)
Provision for termination of lease	–	(2,001,048)
Audit fees:		
- Auditors of the Company	(2,072,387)	(1,772,899)
Non-audit fees:		
- Auditors of the Company	(13,409)	(13,572)

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

6. Income tax expense

(a) Major components of income tax expense

The major components of taxation for the years ended 31 December 2020 and 31 December 2019 are:

	Group	
	2020	2019
	RMB	RMB
Consolidated income statement:		
Current income tax		
- Current income taxation	20,517,416	20,642,658
- Adjustments in respect of current income tax of previous year	(2,439,597)	–
Deferred tax expense (Note 14)		
- Origination and reversal of temporary differences	4,610,592	5,002,705
Income tax expense recognised in profit or loss	<u>22,688,411</u>	<u>25,645,363</u>

(b) Relationship between tax expense and accounting profit

A reconciliation between tax and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020	2019
	RMB	RMB
Profit before tax	<u>77,923,772</u>	<u>77,832,389</u>
Tax at the domestic rates applicable to profits in the countries where the Group operates	19,951,287	20,123,991
Adjustments:		
Non-deductible expenses	6,545,770	6,133,551
Deferred tax assets not recognised	970,743	335,453
Adjustments in respect of current income tax of previous year	(2,439,597)	–
Share of associate and joint venture profit	(2,234,251)	(784,421)
Others	(105,541)	(163,211)
Tax expenses recognised in profit or loss	<u>22,688,411</u>	<u>25,645,363</u>

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

7. Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year, net of tax, attributable to owners of the Company for the year by the weighted average number of ordinary shares outstanding of 191,789,738 (2019: 191,825,700).

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

8. Property, plant and equipment

Group	Electronics	Furniture and fittings	Computer software	Motor vehicles	Leasehold improvements	Buildings	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost:							
At 1 January 2019	5,662,786	18,345,467	614,918	1,445,903	55,896,574	119,968,939	201,934,587
Additions	434,070	4,617,275	598,290	2,385,975	9,829,126	–	17,864,736
Disposals	(98,300)	(821,693)	(89,905)	–	(5,031,385)	–	(6,041,283)
Currency translation	1,155	611	–	–	1,868	–	3,634
At 31 December 2019 and 1 January 2020	5,999,711	22,141,660	1,123,303	3,831,878	60,696,183	119,968,939	213,761,674
Additions	103,999	238,465	12,707	–	13,792,632	–	14,147,803
Disposals	–	–	–	(161,518)	–	–	(161,518)
Currency translation	(2,186)	(1,092)	–	–	(3,340)	–	(6,618)
At 31 December 2020	6,101,524	22,379,033	1,136,010	3,670,360	74,485,475	119,968,939	227,741,341
Accumulated depreciation and impairment loss:							
At 1 January 2019	4,260,770	13,494,686	602,251	1,011,849	28,010,393	9,275,475	56,655,424
Depreciation charge for the year	772,634	1,593,155	212,097	573,814	3,344,084	5,758,509	12,254,293
Impairment loss	153,668	416,306	–	–	605,945	–	1,175,919
Disposals	(98,300)	(821,693)	(89,905)	–	(5,031,385)	–	(6,041,283)
Currency translation	957	418	–	–	845	–	2,220
At December 2019 and 1 January 2020	5,089,729	14,682,872	724,443	1,585,663	26,929,882	15,033,984	64,046,573
Depreciation charge for the year	483,145	1,709,387	203,666	648,706	3,480,778	5,758,509	12,284,191
Disposals	–	–	–	(153,442)	–	–	(153,442)
Currency translation	(1,789)	(785)	–	–	(1,965)	–	(4,539)
At 31 December 2020	5,571,085	16,391,474	928,109	2,080,927	30,408,695	20,792,493	76,172,783
Net carrying amount:							
At 31 December 2019	909,982	7,458,788	398,860	2,246,215	33,766,301	104,934,955	149,715,101
At 31 December 2020	530,439	5,987,559	207,901	1,589,433	44,076,780	99,176,446	151,568,558

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

Company	Electronics RMB	Furniture and fittings RMB	Leasehold improvements RMB	Total RMB
Cost:				
At 1 January 2019	43,797	23,145	70,791	137,733
Currency translation	1,155	611	1,868	3,634
At 31 December 2019 and 1 January 2020	44,952	23,756	72,659	141,367
Additions	9,492	–	–	9,492
Currency translation	(2,186)	(1,092)	(3,340)	(6,618)
At 31 December 2020	52,258	22,664	69,319	144,241
Accumulated depreciation:				
At 1 January 2019	32,100	14,156	11,799	58,055
Depreciation charge for the year	4,865	1,975	23,686	30,526
Currency translation	957	418	845	2,220
At 31 December 2019 and 1 January 2020	37,922	16,549	36,330	90,801
Depreciation charge for the year	3,648	1,951	23,401	29,000
Currency translation	(1,789)	(785)	(1,965)	(4,539)
At 31 December 2020	39,781	17,715	57,766	115,262
Net carrying amount:				
At 31 December 2019	7,030	7,207	36,329	50,566
At 31 December 2020	12,477	4,949	11,553	28,979

Impairment of assets

During the financial year, 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 and the right-of-use assets of certain underperforming stores of nil (2019: RMB 1,175,919) and RMB 6,151,268 (2019: RMB 866,471) respectively in “Administrative expenses” line item of profit or loss for the financial year ended 31 December 2020. The recoverable amounts of the property, plant and equipment and the right-of-use assets for these stores are based on their value-in-use and the discount rate used was 13% (2019: 13%).

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

9. Intangible assets

Group	Goodwill RMB
Cost :	
At 1 January 2019 and 2020	3,809,553
Net carrying amount:	
At 31 December 2019 and 2020	3,809,553

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

Goodwill arising from the acquisition

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

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 13% (2019: 13%) and the forecasted growth rates used to extrapolate the cash flows projections is up to 10% (2019: 0%).

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.

10. Investment in subsidiaries

	Company	
	2020 RMB	2019 RMB
Shares, at cost	63,256,736	80,023,137
Write off	–	(31,645,296)
	63,256,736	48,377,841

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

10. Investment in subsidiaries (cont'd)

Name (Country of incorporation and place of business)	Principal activities	Proportion (%) of ownership interest	
		2020	2019
Xiamen Shi Zhongmin Baihui Commercial Co., Ltd. ⁽¹⁾ (People's Republic of China ("PRC"))	Ownership, operation and management of a chain of department stores	100	100
Zhongmin Baihui (China) Retail Group Co., Ltd. ⁽¹⁾ ("PRC")	Ownership, operation and management of a chain of departmental stores	100	100
Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd. ⁽¹⁾ ("PRC")	Ownership, operation and management of retail stores	100	100
Zhangzhou Zhongmin Baihui Business Service Co., Ltd. ⁽²⁾ ("PRC")	Ownership and operation of department stores	100	100
Zhangzhou Zhongmin Baihui Supermarket Co., Ltd. ⁽²⁾ ("PRC")	Ownership and operation of department stores	100	100

⁽¹⁾ A member firm of EY Global had performed the audit for the subsidiary's financial statement for each of the reporting period for Group reporting purposes.

⁽²⁾ The Company was incorporated during financial year 2019. As at date of the report, it has not commenced operation and no capital has been injected.

11. Investment in joint ventures

	Group	
	2020 RMB	2019 RMB
Shares, at cost	8,025,000	3,275,100
Share of results of joint ventures	(5,485,380)	(1,508,162)
	2,539,620	1,766,938
Add: Amount due from other shareholders	6,015,000	1,764,900
At end of year	8,554,620	3,531,838

Name (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2020	2019
Wuxi Shi Yueshang Outlets Co., Ltd. ⁽¹⁾ ("PRC")	Operation and management of retail malls	50	50
Guangan Shi Yueshang Commercial Management Co., Ltd. ⁽¹⁾ ("PRC")	Operation and management of retail malls	51	51

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

11. 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. As at 31 December 2019, the Group has injected RMB 4,530,000 into the joint venture which has not commenced operations, and the other shareholder who holds 50% interest in Wuxi Shi Yueshang Outlets Co., Ltd. has contributed RMB 1,500,000. During the year ended 31 December 2020, the Group injected RMB 9,000,000 into Wuxi Shi Yueshang outlets Co., Ltd., while the other shareholder who holds 50% interest in Wuxi Shi Yueshang outlets Co., Ltd., did not make any contributions into the joint venture.

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 has 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.

The summarised financial information of the joint ventures, not adjusted for the proportion of ownership interest held by the Group in 2020, is as follows:

	Wuxi Shi Yueshang Outlets Co., Ltd.		Guangan Shi Yueshang Commercial Management Co., Ltd.	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Summarised balance sheet				
Non-current assets	2,653,195	403,832	–	–
Current assets	3,736,993	2,609,883	479,171	510,000
Total assets	6,390,188	3,013,715	479,171	510,000
Current liabilities, representing total liabilities	1,756,250	39	42,601	–
Net assets	4,633,938	3,013,676	436,570	510,000
Proportion of the Group's ownership	50%	50%	51%	51%
Group's share of net assets	2,316,969	1,506,838	222,651	260,100
Summarised statement of comprehensive income				
Loss after tax, representing total comprehensive income for the year	(7,379,737)	(3,016,324)	(563,430)	–

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

12. Investment in associates

	Group	
	2020	2019
	RMB	RMB
Shares, at cost	36,500,000	36,500,000
Share of results of associates	10,118,602	(2,753,370)
Dividend income	(4,051,025)	–
At end of year	42,567,577	33,746,630

Name (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2020	2019

Held through subsidiaries:

Citi-Base Commerce Logistics (Xiamen) Co., Ltd. ⁽¹⁾ (“PRC”)	Property development	30.0	30.0
Changsha City Shamin Enterprise Management Co., Ltd. ⁽¹⁾ (“PRC”)	Operation and management of retail malls	47.5	47.5
Shanghai Shamin Commercial Management Co., Ltd ⁽³⁾ (“PRC”)	Struck off	–	40.0

Held by Citi-Base Commerce Logistics (Xiamen) Co., Ltd.:

Xiamen Citi-Base Commerce Co., Ltd. ⁽¹⁾ (“PRC”)	Operation of exhibition and promotion of imported goods	30.0	30.0
------------------------------------------------------------	---------------------------------------------------------	------	------

Held by Changsha City Shamin Enterprise Management Co., Ltd.:

Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. ⁽²⁾ (“PRC”)	Operation and management of retail malls	24.2	24.2
-------------------------------------------------------------------------------------------------	------------------------------------------	------	------

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

(2) A member firm of EY Global had performed the audit for this entity for Group reporting purposes.

(3) The company was struck off during financial year 2020. It has not commenced operation and no capital injection since the date of incorporation.

Citi-Base Commerce Logistics (Xiamen) Co., Ltd., (“CBCL”) 30% owned by a Group’s wholly-owned subsidiary, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd, was incorporated in January 2011. It acquired 100% interest in Xiamen Citi-Base Commerce Co., Ltd. (“XMCB”) in July 2019 under common control. Hence, the Group’s effective proportion of ownership interest in XMCB is 30%.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

12. Investment in associates (cont'd)

Changsha City Shamin Enterprise Management Co., Ltd. ("CSSM"), 47.5% owned by a Group's wholly-owned subsidiary, Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd., was incorporated in January 2018. This associate is strategic to the Group's activities. It acquired 51% interest in Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. ("CSO") from Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd. in March 2018. Hence, the Group's effective proportion of ownership interest in CSO is 24.2%. The other partner who holds 49% interest in CSO receives rental income from CSO based on 49% and 60% of its profit before tax for the first and the following 10 years respectively and does not share any of its results once CSO starts to make profit. The associate jointly controls CSO with other partner under the contractual agreement that requires unanimous consent for all major decisions over the relevant activities. CSSM and CSO commenced operations in 2018.

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:

	Citi-Base Commerce Logistics (Xiamen) Co., Ltd.		Changsha City Shamin Enterprise Management Co., Ltd.	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Summarised balance sheet				
Non-current assets	261,847,572	239,819,503	39,688,867	22,896,422
Current assets	2,998,980	11,232,738	7,225,134	1,920
Total assets	264,846,552	251,052,241	46,914,001	22,898,342
Current liabilities	(147,812,822)	(119,397,457)	(367)	–
Non-current liabilities	(42,000,000)	(48,000,000)	–	–
Total liabilities	(189,812,822)	(167,397,457)	(367)	–
Net assets	75,033,730	83,654,784	46,913,634	22,898,342
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	20,283,601	22,869,917	22,283,976	10,876,713
Summarised statement of comprehensive income				
Revenue	309,285	254,694	–	–
Profit/(loss) after tax, representing total comprehensive income for the year	(8,621,053)	(4,255,850)	32,543,764	12,468,632

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Notes to the consolidated statement of cash flow

(a) Major non-cash transactions

During the years ended 31 December 2020 and 2019, the Group has no significant non-cash arrangement.

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB	Bank loans RMB	Non- convertible bonds RMB	Total RMB
At 1 January 2019	381,737,000	–	–	381,737,000
Changes from financing cash flows				
- Repayment	(78,196,417)	–	–	(78,196,417)
- Interest	(14,626,449)	–	–	(14,626,449)
- Write-off	(27,697,578)	–	–	(27,697,578)
Additions	34,761,189	–	–	34,761,189
Accretion of interests	15,898,102	–	–	15,898,102
Currency translation	13,451			13,451
At 31 December 2019 and 1 January 2020	311,889,298	–	–	311,889,298
Changes from financing cash flows				
- Repayment	(68,897,071)	–	–	(68,897,071)
- Interest	(13,034,281)	(262,028)	(1,325,144)	(14,621,453)
- Rent concession	(7,110,155)	–	–	(7,110,155)
Additions	6,785,856	24,689,035	39,502,456	70,977,347
Accretion of interests	13,189,814	262,028	1,325,144	14,776,986
Currency translation	(17,876)	–	–	(17,876)
At 31 December 2020	242,805,585	24,689,035	39,502,456	306,997,076

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

14. Deferred tax assets/(liabilities)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	31 December 2020	31 December 2019	2020	2019	31 December 2020	31 December 2019
	RMB	RMB	RMB	RMB	RMB	RMB
Deferred tax assets:						
Differences due to pre-opening expenses	24,335	157,624	(133,289)	(133,289)	–	–
Differences due to recognition of right-of-use assets and the corresponding lease liabilities	13,215,839	14,305,915	(1,089,970)	(1,877,729)	1,157	1,628
Impairment loss	3,443,295	4,121,976	(678,681)	510,598	–	–
Others	530,420	735,769	(205,348)	(1,139,982)	–	–
	<u>17,213,889</u>	<u>19,321,284</u>	<u>(2,107,288)</u>	<u>(2,640,402)</u>	<u>1,157</u>	<u>1,628</u>
Deferred tax liabilities:						
Withholding tax from the expected remittance of dividend from subsidiary	(10,821,132)	(9,698,567)	(1,588,380)	(2,677,875)	(10,821,132)	(9,698,567)
Differences in step rental income	(946,587)	(1,185,056)	238,470	655,253	–	–
Differences arising from the recognition favourable lease agreements	(149,400)	(268,800)	119,400	119,400	–	–
Accrued breakage gain from sale of prepaid cards	(1,981,339)	(1,330,866)	(650,474)	(459,081)	–	–
Others	(622,319)	–	(622,320)	–	–	–
	<u>(14,520,777)</u>	<u>(12,483,289)</u>	<u>(2,503,304)</u>	<u>(2,362,303)</u>	<u>(10,821,132)</u>	<u>(9,698,567)</u>
Deferred income tax expense			<u>(4,610,592)</u>	<u>(5,002,705)</u>		

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

14. 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 10,880,000 (2019: RMB 7,003,000) 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 (2019: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in Note 36 of the financial statement.

15. Inventories

	Group	
	2020	2019
	RMB	RMB
Balance sheet:		
Finished goods (at lower of cost or net realisable value)	159,543,766	117,804,452
Income statement:		
Inventories recognised as an expense in cost of sales	946,927,887	752,749,598

Included in the inventories is RMB 43,616,799 (2019: RMB 38,704,663) of gold which relates to gold jewellery.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

16. Prepayments

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Non-current				
Advance payments for property, plant and equipment	5,066,959	–	–	–
Current				
Advance payments to suppliers	65,634,499	11,829,293	–	–
Other prepayments	1,891,993	2,127,962	28,536	23,548
	<u>72,593,451</u>	<u>13,957,255</u>	<u>28,536</u>	<u>23,548</u>

17. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
<i>Current:</i>				
Trade receivables	37,000,041	4,169,479	–	–
Rental deposits *	–	3,522,116	–	–
Other deposits	90,346	193,530	346	2,477
Other receivables ##	8,199,540	7,741,383	–	–
	<u>45,289,927</u>	<u>15,626,508</u>	<u>346</u>	<u>2,477</u>
<i>Non-current:</i>				
Other receivables	4,882,073	3,585,699	8,730	1,943
Rental deposits	6,981,577	7,422,464	68,308	69,758
	<u>11,863,650</u>	<u>11,008,163</u>	<u>77,038</u>	<u>71,701</u>
<i>Add:</i>				
Amount due from a subsidiary (Note 18)	–	–	65,473,185	18,947,368
Amount due from an associate (Note 19)	41,400,000	29,700,000	–	–
Amount due from related parties (Note 20)	10,363,698	9,885,054	–	–
Cash and cash equivalents (Note 21)	324,345,927	260,040,551	15,293,132	5,355,273
Restricted cash (Note 22)	–	10,000,000	–	–
Total financial assets held at amortised cost	<u>433,263,202</u>	<u>336,260,276</u>	<u>80,843,701</u>	<u>24,376,819</u>

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

Net of impairment of RMB 4,523,900 (2019: RMB 4,523,900).

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

17. Trade and other receivables (cont'd)

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:

	Group	
	Rental deposits	Other receivables
	RMB	RMB
Movement in allowance accounts:		
At 1 January 2019	1,987,800	2,000,000
Charge for the year	–	2,523,900
Write-back for the year	(1,987,800)	–
At 31 December 2019/ 1 January 2020	–	4,523,900
At 31 December 2020	–	4,523,900

Impairment of rental deposits in relation to the early termination of lease is recognised in accordance with the lease agreements.

Other receivables mainly relates to (i) interest receivables from banks, (ii) amount due from long term investment in Xiamen Citi-Base Commerce Co., Ltd. which is repayable upon demand and (iii) recoverable from staff and supplier.

18. Amount due from a subsidiary

	Company	
	2020	2019
	RMB	RMB
Amount due from a subsidiary (non-trade)	65,473,185	18,947,368

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

19. Amount due from an associate

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Amount due from an associate (non-trade)	41,400,000	29,700,000	–	–

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

20. Amount due from/due to related parties

	Group	
	2020	2019
	RMB	RMB
Amount due from a related party (trade) *	–	–
Amount due from a related party (non-trade) *	10,363,698	9,885,054
	<u>10,363,698</u>	<u>9,885,054</u>
Amount due to related parties (trade) *	865,585	1,087,878
Amount due to related parties (non-trade) **	68,019,459	23,766,461
	<u>68,885,044</u>	<u>24,854,339</u>

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

Amounts due to related parties (non-trade) arise when customers made purchases using the Group's prepaid cards at the managed stores under the related parties.

21. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Cash and short-term deposits	<u>324,345,927</u>	<u>260,040,551</u>	<u>15,293,132</u>	<u>5,355,273</u>

Bank balances earn interests at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods from one to three months, depending on the immediate cash requirements, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2020 for the Group and the Company were 0.30% (2019: 0.30%) and 0.40% (2019: 0.25%) per annum respectively.

Cash and cash equivalents denominated in foreign currency as 31 December is as follows:

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
United States Dollars	<u>13</u>	<u>13</u>	<u>–</u>	<u>–</u>

The RMB is not freely convertible into other currencies. However, under Mainland 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 Mainland China is subject to exchange restrictions imposed by the PRC government.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

22. Restricted cash

Short-term deposits of RMB 10,000,000 pledged to a bank for facilities granted to an associate, was released during the financial year 2020. The weighted average effective interest rates as at 31 December 2019 for the Group were 0.30%.

23. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Trade:				
External parties	279,933,656	248,874,507	–	–
Other payables	149,769,664	114,869,607	378	907
	429,703,320	363,744,114	378	907
Add:				
Accrued operating expenses (Note 25)	38,870,792	37,753,860	2,858,501	2,503,720
Amount due to related parties (Note 20)	68,885,044	24,854,339	–	–
Interest-bearing loans and borrowings (Note 31)	306,997,076	311,889,298	64,328,578	477,206
Less:				
Advances from customers	(129,047,003)	(95,653,193)	–	–
Total financial liabilities carried at amortised cost	715,409,229	642,588,418	67,187,457	2,981,833

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

24. Leases

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 period:

	Group RMB	Company RMB
As at 1 January 2019	321,745,350	771,661
Additions	34,761,188	–
Depreciation charge	(65,730,310)	(317,020)
Impairment loss	(866,471)	–
Write-off *	(23,863,566)	–
Currency translation	12,991	12,991
As at 31 December 2019 and 1 January 2020	266,059,182	467,632
Additions	6,148,404	–
Depreciation charge	(66,641,044)	(320,102)
Impairment loss	(6,151,268)	–
Currency translation	(17,251)	(17,251)
As at 31 December 2020	199,398,023	130,279

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

	Group RMB	Company RMB
As at 1 January 2019	381,737,000	780,649
Additions	34,761,189	–
Accretion of Interest	15,898,102	27,558
Payments	(92,822,866)	(344,452)
Write-off *	(27,697,578)	–
Currency translation	13,451	13,451
As at 31 December 2019 and 1 January 2020	311,889,298	477,206
Additions	6,785,856	–
Accretion of Interest	13,189,814	16,216
Payments	(81,931,352)	(311,955)
Rent concession	(7,110,155)	(26,504)
Currency translation	(17,876)	(17,876)
As at 31 December 2020	242,805,585	137,087
Current	62,783,315	137,087
Non-current	180,022,270	–

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

25. Other assets/(liabilities)

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Non-current:				
Rent-free incentives and step rental provision	3,786,347	4,740,226	–	–
Current:				
Accrued operating expenses	(38,870,792)	(37,753,860)	(2,858,501)	(2,503,720)

26. Share capital

	Group and Company			
	2020		2019	
	No. of shares	RMB	No. of Shares	RMB
Issued and fully paid ordinary shares				
At 1 January and 31 December	196,320,000	67,147,926	196,320,000	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.

27. Treasury shares

	Group and Company			
	2020		2019	
	No. of shares	RMB	No. of Shares	RMB
At 1 January	4,494,300	24,853,005	4,494,300	24,853,005
Purchase of treasury shares	58,000	177,909	–	–
At 31 December	4,552,300	25,030,914	4,494,300	24,853,005

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

The Company acquired 58,000 (2019: nil) shares in the Company through purchase on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was RMB 177,909 (2019: RMB nil) and this was presented as a component within shareholders' equity.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

28. Other reserves

(a) *Foreign currency translation reserve*

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

29. Employee benefits

	Group	
	2020	2019
	RMB	RMB
Employee benefits expenses (including directors)		
Salaries and bonuses	126,593,365	126,420,573
Defined contribution plans	13,166,711	16,984,395
	<u>139,760,076</u>	<u>143,404,968</u>

30. Commitments

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

	Group	
	2020	2019
	RMB	RMB
Contracted but not provided for:		
Capital contribution payable to associate	<u>29,900,000</u>	<u>7,500,000</u>

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

31. Interest-bearing loans and borrowings

Group	Interest rate %	Maturity	2020 RMB	2019 RMB
Current interest-bearing loans and borrowings				
Lease liabilities (Note 24)	3.5% - 4.4%	May 2040	62,783,315	63,963,572
S\$5,000,000 bank loan	2.5%	July 2025	2,571,775	–
Total current interest-bearing loans and borrowings			65,355,090	63,963,572
Non-current interest-bearing loans and borrowings				
Lease liabilities (Note 24)	3.5% - 4.4%	May 2040	180,022,270	247,925,726
S\$8,000,000 non-convertible bonds	6.5%	May 2023	39,502,456	–
S\$5,000,000 bank loan	2.5%	July 2025	22,117,260	–
Total non-current interest-bearing loans and borrowings			241,641,986	247,925,726
Total interest-bearing loans and borrowings			306,997,076	311,889,298
Company				
Company	Interest rate %	Maturity	2020 RMB	2019 RMB
Current interest-bearing loans and borrowings				
Lease liabilities (Note 24)	3.5% - 4.4%	May 2040	137,087	335,435
S\$5,000,000 bank loan	2.5%	July 2025	2,571,775	–
Total current interest-bearing loans and borrowings			2,708,862	335,435
Non-current interest-bearing loans and borrowings				
Lease liabilities (Note 24)	3.5% - 4.4%	May 2040	–	141,771
S\$8,000,000 non-convertible bonds	6.5%	May 2023	39,502,456	–
S\$5,000,000 bank loan	2.5%	July 2025	22,117,260	–
Total non-current interest-bearing loans and borrowings			61,619,716	141,771
Total interest-bearing loans and borrowings			64,328,578	477,206

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.

S\$5,000,000 bank loan

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 installment over 48 months commencing from August 2021 to July 2025.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

32. 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:

	Group	
	2020	2019
	RMB	RMB
Concessionaire income from companies in which Directors have an interest	1,349,378	1,571,155
Sales of goods to a company in which Directors have an interest	462,461	–
Advertisement income received from companies in which Directors have an interest	55,000	80,001
Management fees from a company in which Directors have an interest	4,718,160	4,924,528
Rent concession from a company in which Directors have an interest	426,074	–
Sales commission charged by a company in which Directors have an interest	768,084	–
Depreciation of right to use lease properties owned by a company in which Directors have an interest	4,484,377	4,484,377
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	397,140	558,015

(b) *Compensation of key management personnel*

	Group		Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Short-term employee benefits	6,300,528	6,426,656	3,300,528	3,340,656
Defined contribution plans	225,033	243,181	193,761	211,909
	6,525,561	6,669,837	3,494,289	3,552,565
<i>Comprise amounts paid to:</i>				
Directors of the Company	3,737,373	3,782,002	2,371,749	2,416,377
Other key management personnel	2,788,188	2,887,835	1,122,540	1,136,188
	6,525,561	6,669,837	3,494,289	3,552,565

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

33. 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 and previous financial year, 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 60 days when they fall due, which are derived based on the Group and the Company's historical information.

The Group consider 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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

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.

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.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 to the financial statements.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

33. 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 exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

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

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.

Group	One year or less RMB	More than one year RMB	Total RMB
2020			
Financial assets:			
Trade and other receivables	45,199,581	–	45,199,580
Deposits	90,346	16,627,989	16,718,335
Amount due from an associate	41,400,000	–	41,400,000
Amount due from related parties	10,363,698	–	10,363,698
Restricted cash	–	–	–
Cash and cash equivalents	324,345,927	–	324,345,927
Total undiscounted financial assets	421,399,552	16,627,989	438,027,541
Financial liabilities:			
Trade and other payables	300,656,317	–	300,656,317
Accrued operating expenses	38,870,792	–	38,870,792
Amount due to related parties	68,885,044	–	68,885,044
Lease liabilities	72,779,710	218,194,902	290,974,612
Bank loan	3,178,291	23,131,173	26,309,464
Non-convertible bonds	2,567,660	43,329,324	45,896,984
Total undiscounted financial liabilities	486,937,814	284,655,399	771,593,213
Total net undiscounted financial liabilities	(65,538,262)	(268,027,410)	(333,565,672)

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(b) *Liquidity risk (cont'd)*

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

Group	One year or less RMB	More than one year RMB	Total RMB
2019			
Financial assets:			
Trade and other receivables	11,910,862	–	11,910,862
Deposits	3,715,646	17,829,656	21,545,302
Amount due from an associate	29,700,000	–	29,700,000
Amount due from related parties	9,885,054	–	9,885,054
Restricted cash	10,000,000	–	10,000,000
Cash and cash equivalents	260,040,551	–	260,040,551
Total undiscounted financial assets	325,252,113	17,829,656	343,081,769
Financial liabilities:			
Trade and other payables	268,090,921	–	268,090,921
Accrued operating expenses	37,753,860	–	37,753,860
Amount due to related parties	24,854,339	–	24,854,339
Lease liabilities	77,248,405	183,731,682	260,980,087
Total undiscounted financial liabilities	407,947,525	183,731,682	591,679,207
Total net undiscounted financial liabilities	(82,695,412)	(165,902,026)	(248,597,438)

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(b) *Liquidity risk (cont'd)*

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

Company	One year or less RMB	One to five years RMB	Total RMB
2020			
Financial assets:			
Deposits	346	78,511	78,857
Amount due from a subsidiary	65,473,185	–	65,473,185
Cash and cash equivalents	15,293,132	–	15,293,132
Total undiscounted financial assets	80,766,663	78,511	80,845,174
Financial liabilities:			
Trade and other payables	378	–	378
Accrued operating expenses	2,858,501	–	2,858,501
Lease liabilities	140,012	–	140,012
Bank loan	3,178,291	23,131,173	26,309,464
Non-convertible bonds	2,567,660	43,329,324	45,896,984
Total undiscounted financial liabilities	8,744,842	66,460,497	75,205,339
Total net undiscounted financial assets/(liabilities)	72,021,821	(66,381,986)	5,639,835
2019			
Financial assets:			
Deposits	2,477	80,178	82,655
Amount due from a subsidiary	18,947,368	–	18,947,368
Cash and cash equivalents	5,355,273	–	5,355,273
Total undiscounted financial assets	24,305,118	80,178	24,385,296
Financial liabilities:			
Trade and other payables	907	–	907
Accrued operating expenses	2,503,720	–	2,503,720
Lease liabilities	352,218	146,757	498,975
Total undiscounted financial liabilities	2,856,845	146,757	3,003,602
Total net undiscounted financial assets/(liabilities)	21,448,273	(66,579)	21,381,694

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Fair values of assets and liabilities

Fair value hierarchy

The Group categorizes 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 than 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 31 December 2020 and 31 December 2019.

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 years ended 31 December 2020 and 31 December 2019.

As disclosed in Note 28(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 utilization is subject to approval by relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2020 and 31 December 2019.

Apart from the above, the Group is not subjected to any externally imposed capital requirements.

/ Notes to the Financial Statements

For the financial year ended 31 December 2020

36. Dividends

	Group and Company	
	2020	2019
	RMB	RMB
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2019: SGD 1.5 cent (2018: 1.5 cent) per share*	14,472,484	14,406,684
- Interim exempt (one-tier) dividend for 2020: SGD 1.0 cent (2019: 1.5 cent) per share	9,586,640	14,824,531
	<u>24,059,124</u>	<u>29,231,215</u>
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividend for 2020: SGD 2.0 cent (2019: SGD 1.5 cent) per share	<u>18,938,238</u>	<u>14,892,527</u>

* The difference between the dividend declared at the end of the financial year 2019 and the actual dividend paid in the financial year 2020 was due to translation differences.

37. Events occurring after the reporting period

On 6 March 2021, the Group has entered into joint venture agreement with Quanzhou Mingfa Commercial City Development and Construction Co., Ltd. to form a 50/50 joint venture company with a registered share capital of RMB 20 million. The joint venture company will market, operate and manage Fujian Nan'an Guanqiao Huachang International Complex. The Group has also entered into a joint venture agreement with Mingfa Group (Zhangzhou) Real Estate Co., Ltd. to form a 50/50 joint venture company with a registered share capital of RMB 20 million. The joint venture company will market, operate and manage Zhangzhou Mingfa Commercial Square.

On 6 March 2021, the Group has entered into a termination agreement with Mingfa Group Shanghai Industry Co., Ltd. to terminate an earlier joint venture agreement signed between the parties on 31 May 2018.

On 21 April 2021, the Group has entered into a 3-year lease agreement with Zhongmin Baihui (Quanzhou) Commercial Management Co., Ltd. to renew the existing lease agreement for operation of Quanxiu Store. The existing agreement will be expired by 30 April 2022.

On 30 April 2021, the Group has entered into a joint venture agreement with Mingfa Group Anhui Jinzhai City Development Co., Ltd. to form a 20/80 joint venture company with a registered share capital of RMB 3 million. The joint venture company will market operate and manage 53,633 sqm of retail space in Jinzhai Mingfa City Square.

On 20 June 2021, the Group has entered into a 3-year lease agreement for operation of Xinhua store with a smaller retail space of 8,874 sqm.

38. Authorisation of financial statements for issue

The audited financial statements for financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 13 July 2021.

Statistics of Shareholdings

As at 30 June 2021

Issue and fully paid-up capital	:	SGD 13,620,000
Number of shares (excluding treasury shares)	:	191,767,700
Number of treasury shares held	:	4,552,300
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	0	0.00	0	0.00
100 - 1,000	37	13.41	28,900	0.02
1,001 - 10,000	91	32.97	501,300	0.26
10,001 - 1,000,000	129	46.74	17,591,400	9.17
1,000,001 AND ABOVE	19	6.88	173,646,100	90.55
TOTAL	276	100.00	191,767,700	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LEE SWEE KENG	48,290,700	25.18
2	CHEN KAITONG	47,400,680	24.72
3	SU CAIYE	24,040,700	12.54
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,350,100	5.40
5	LIM KOK TONG	6,326,088	3.30
6	SU JIANLI	6,169,932	3.22
7	LIM CHIN HIAN	5,000,000	2.61
8	RAFFLES NOMINEES (PTE.) LIMITED	4,669,400	2.43
9	DBS NOMINEES (PRIVATE) LIMITED	3,439,600	1.79
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	2,216,900	1.16
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	SIA LING SING	1,165,500	0.61
17	CHUA KIAN LIN	1,160,000	0.60
18	LIM ENG HOCK	1,113,000	0.58
19	POH HENG	1,003,500	0.52
20	LIM SOO SENG & SONS (PTE) LTD	1,000,000	0.52
	TOTAL	174,646,100	91.06

Statistics of Shareholdings

As at 30 June 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 30 June 2021)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lee Swee Keng	48,290,700	25.18	–	–
Chen Kaitong	47,400,680	24.72	–	–
Su Caiye	24,040,700	12.54	–	–

FREE FLOAT

Based on the information available to the Company as at 30 June 2021, approximately 37.03% 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 by way of electronic means on Thursday, 29 July 2021, at 10:00 a.m., for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2020 together with the Directors’ Statement and Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**
3. To approve the payment of S\$154,000 as Directors’ fees for the financial year ended 31 December 2020. **(Resolution 3)**
4. To approve the payment of S\$34,417 as Directors’ fees for the two (2) Directors who are retiring at the Annual General Meeting, namely Mr. Su Caiye and Dr. Ong Seh Hong, for services rendered for the period from 1 January 2021 to 29 July 2021, to be paid in arrears. **(Resolution 4)**
5. To re-elect the following Directors retiring pursuant to Regulation 104 of the Company’s Constitution¹:
 - (a) Mr. Lee Swee Keng (Regulation 104) **(Resolution 5)**
 - (b) Ms. Goh Poh Kee (Regulation 104) **(Resolution 6)****[See Explanatory Notes 1 and 2]**
6. To appoint Mr. Kho Kewee as an Independent Director of the Company pursuant to Regulation 114 of the Company’s Constitution. **(Resolution 7)**
[See Explanatory Note 3]
7. To re-appoint Messrs Ernst & Young 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. General authority to issue and allot shares

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

- (A) (i) issue and allot shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or

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

/ Notice of Annual General Meeting

年度股东大会通告

- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

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

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below):-

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-

- (i) new Shares arising from the conversion or exercise of convertible securities;
- (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of the Resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

- (4) (unless revoked or varied by the Company in a general meeting) this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

(Resolution 9)

[See Explanatory Note 4]

10. Proposed Share Buyback Mandate

“That:

- (A) For the purposes of the Companies Act, Chapter 50 of Singapore (“**Companies 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:

/ Notice of Annual General Meeting

年度股东大会通告

- (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;

- (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,

/ Notice of Annual General Meeting

年度股东大会通告

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;

“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
14 July 2021

Explanatory Notes:

1. Mr. Lee Swee Keng will, upon re-election as a director, remain as Executive Chairman of the Company.
2. Ms. Goh Poh Kee will, upon re-election as a director, remain as an Independent Director of the Company, Chairman of the Nominating Committee, and a member of the Remuneration Committee and Audit Committee. The Board considers Ms. Goh Poh Kee to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
3. Pursuant to Regulation 114 of the Company's Constitution, the Nominating Committee has reviewed Mr. Kho Kewee's suitability and recommended to the Board of Directors of the Company (the "Board") the appointment of Mr. Kho Kewee as an Independent Director of the Company. The Board has accepted the Nomination Committee's recommendation. The particulars of Mr. Kho Kewee, who has 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 2020 Annual Report. Mr. Kho Kewee 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. Kho Kewee to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
4. 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.

/ Notice of Annual General Meeting

年度股东大会通告

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.

Important Notes:

1. The Annual General Meeting (“AGM”) is being convened and will be held by way of electronic means 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 and the evolving COVID-19 situation. Printed copies of this Notice of AGM will not be sent to shareholders of the Company (“Shareholders”). Instead, this Notice will be made available on the SGX’s website at <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at www.zhongminbaihui.com.sg/NewsList.aspx.

2. No attendance in person at the AGM

Shareholders will NOT be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the AGM by:

- (a) observing and listening to the AGM proceedings via a live audio-and-visual webcast and live audio-only webcast;
- (b) submitting questions in advance in relation to any resolution set out in the Notice of AGM or asking questions during the AGM proceedings; and
- (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

3. Registration for live audio-and visual webcast and live audio-only webcast

Shareholders (whether individual or corporate) who wish to participate in the AGM via live audio-and-visual webcast or live audio-only webcast must register by downloading the Pre-registration Form (which will be made available on the SGX’s website at <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at www.zhongminbaihui.com.sg/NewsList.aspx) and submitting the completed and signed Pre-registration Form in the following manner to enable the Company to verify their status as Shareholders:

- (i) by email to AGM@zhongminbaihui.com.sg; or
- (ii) by post to Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623,

in either case, **by 5:00 p.m. on 23 July 2021.**

Shareholders are strongly encouraged to submit the completed and signed Pre-registration Form by email.

Upon successful verification, authenticated shareholders who registered for the live audio-and-visual webcast and live audio-only webcast of the AGM proceedings will receive an email **by 3:00 p.m. on 27 July 2021** from the Company’s webcast vendor, Activeo Singapore Pte Ltd, which will contain instructions to access the live audio-and-visual webcast and the live audio-only webcast of the AGM proceedings (the “Confirmation Email”).

Shareholders who do not receive the Confirmation Email **by 3:00 p.m. on 27 July 2021** but have registered **by 5:00 p.m. on 23 July 2021** should contact the Company at AGM@zhongminbaihui.com.sg **by 3:00 p.m. on 28 July 2021.**

Investors holding the Company’s shares through Central Provident Fund (“CPF”) and Supplementary Retirement Scheme (“SRS”) (“CPF/SRS investors”) who wish to participate in the AGM should also submit the completed and signed Pre-registration Form (i) by email to AGM@zhongminbaihui.com.sg or (ii) by post and deposited at the office of the Company Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 **by 5:00 p.m. on 23 July 2021** to enable the Company to verify their status as Shareholders.

Persons who hold the Company’s shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) (excluding CPF/SRS investors) and who wish to participate in the AGM should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

/ Notice of Annual General Meeting

年度股东大会通告

Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders or their corporate representatives.

4. Submission of questions prior to the AGM

Shareholders (whether individual or corporate) will be able to ask questions at the AGM during the live audio-and-video webcast and live audio-only webcast via the chat box function. However, it is recommended for shareholders to submit their questions prior to the AGM.

Shareholders who wish to submit questions relating to the business of the AGM in advance of the AGM must do so in the following manner:

- (i) by email to AGM@zhongminbaihui.com.sg; or
- (ii) by post to Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623,

in either case, **by 5:00 p.m. on 23 July 2021.**

When sending in the questions, please provide full name, identification/registration number and the manner in which the shares of the Company are held for verification purpose, failing which, the submission will be treated as invalid.

Shareholders are strongly encouraged to submit questions by email.

The Company will endeavour to answer all relevant and substantial questions (as may be determined by the Company in its sole discretion) received from Shareholders prior to or during the AGM via live audio-and-visual webcast and live audio-only webcast. However, as there may not be sufficient time to address all such questions during the AGM itself, the Company may also publish responses to questions which the Company is unable to address during the AGM on the Company's corporate website and on SGX's website prior to the AGM.

CPF/SRS investors who wish to submit questions should also submit their questions (i) by email to AGM@zhongminbaihui.com.sg or (ii) by post and deposited at the office of the Company Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 by **5:00 p.m. on 23 July 2021.**

Persons who hold the Company's shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) (excluding CPF/SRS investors) and who wish to submit questions should contact the relevant intermediary through which they hold such shares as soon as possible.

5. Appointment of Chairman as Proxy and submission of proxy forms

Shareholders may only exercise their voting rights at the AGM via proxy voting.

Shareholders (whether individual or corporate) who wish to vote on any or all of the resolutions to be tabled at the AGM must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, in accordance with the instructions on the proxy form.

Where Shareholders appoint the Chairman as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

Shareholder who wishes to submit a proxy form must first download the proxy form from the SGX's website at <https://www.sgx.com/securities/company-announcements> or the Company's corporate website at www.zhongminbaihui.com.sg/NewsList.aspx, complete and sign the proxy form, before submitting the duly executed proxy form in the following manner:

- (i) by email to AGM@zhongminbaihui.com.sg; or
- (ii) by post to Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623,

in either case, **by 10:00 a.m. on 27 July 2021.**

If the Shareholder is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

Shareholders are strongly encouraged to submit completed proxy forms by email.

/ Notice of Annual General Meeting

年度股东大会通告

The proxy form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by the CPF/SRS investors. CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should contact their respective CPF Agent Banks or SRS Operators to submit their votes **by 10.00 a.m. on 19 July 2021**.

Persons who hold the Company's shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) (excluding CPF/SRS investors) and who wish to appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their voting at the AGM.

6. Minutes of AGM

The minutes of the AGM will be published within 1 month after the AGM on the SGX's website at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at www.zhongminbaihui.com.sg/NewsList.aspx. The minutes will include the responses to relevant and substantial questions from Shareholders which are addressed prior and/or during the AGM.

Personal Data Privacy:

By (a) completing and submitting the Pre-registration Form in accordance with this Notice, or (b) submitting any questions prior to the AGM in accordance with this Notice, or (c) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing of the Pre-registration Form for purposes of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the live audio-and-visual webcast and live audio-only webcast of the AGM proceedings and providing them with any technical assistance where necessary;
- (ii) addressing relevant and substantial questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;
- (iii) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Important Reminder:

Due to the constantly evolving COVID-19 situation in Singapore, Shareholders are advised to regularly check the SGX's website for updates on the AGM or the Company's corporate website. The Company would like to thank all Shareholders for their patience and co-operation in enabling it to hold the AGM with the optimum safe management measures amidst the COVID-19 pandemic.

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. Kho Kewee, who is proposed to be appointed as a Director for the first time at the forthcoming Annual General Meeting, and Mr. Lee Swee Keng and Ms. Goh Poh Kee, who are seeking re-election as Directors at the forthcoming Annual General Meeting. The information shall be read in conjunction with their respective biographies on pages 20 to 21.

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
Date of Appointment	N.A.	17 September 2004	31 December 2018
Date of last re-appointment	N.A.	26 April 2019	26 April 2019
Age	50	61	54
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee (the “ NC ”) formally assessed the appointment of Mr. Kho 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. Kho as an Independent Director will be beneficial to the Board and to the Company.	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 re-election of Ms. Goh as an Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company. Ms. Goh has abstained from the deliberation of the NC as well as that of the Board pertaining to her re-appointment.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, a Member of the Audit, Nominating and Remuneration Committees	Executive Chairman	Independent Non-executive Director, Chairman of the Nominating Committee, and a Member of the Audit and Remuneration Committees

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
Professional qualifications	<ol style="list-style-type: none"> 1. Bachelor of Science, Business (Finance and International Business) from Indiana University. 2. Graduate Certificate in International Arbitration from National University of Singapore, Law. 	Nil	<ol style="list-style-type: none"> 1. Bachelor of Accountancy degree from National University of Singapore 2. Fellow Chartered Accountant of Singapore
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> 1. Castell Logistics Pte Ltd (Executive Director and Co-Founder) 2. Pillars & Woggs LLP (Managing Partner) 3. Foodstuff Unlimited Co. Pte Ltd (Director) 4. Roadbull Logistics Pte Ltd (Vice-Chairman) 5. SBI Ven Capital Pte Ltd (Director) 6. JSCL Investments Pte Ltd / Homestay Residences Pte Ltd (Corporate & Business Development Consultant) 	Please refer to Mr. Lee's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Ms. Goh's biography set out under the section "Board of Directors" of the Annual Report.
Shareholding interest in the Company and its subsidiaries	None	Please refer to the information disclosed in the Directors' Statement which can also be found in the Annual Report.	None
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	No	The CEO is a distant relative of Mr. Lee. Mr. Lee's grandmother's brother is the CEO's father.	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)	<ol style="list-style-type: none"> 1. Foodstuff Unlimited Co. Pte Ltd 2. Courts Asia Limited 3. Lee Metal Group Ltd 	Hancai Fashion (S) Pte Ltd	Nil

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
Present	<ol style="list-style-type: none"> 1. MS Holdings Limited 2. Castell Logistics Pte Ltd 3. Pillars & Woggs LLP 	<ol style="list-style-type: none"> 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 	AboveTrust Partners Pte Ltd
(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	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
(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

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
(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
(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
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p>	<p>No</p> <p>No</p>	<p>No</p> <p>No</p>	<p>No</p> <p>No</p>

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
(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
(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

	Mr. Kho Kewee	Mr. Lee Swee Keng	Ms. Goh Poh Kee
<p>Any prior experience as a director of a company listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	<p>Yes</p> <ol style="list-style-type: none"> 1. MS Holdings Limited, NEID (2020-Present); AC, NC, and RC member. 2. Courts Asia Limited, NEID (2012-2019); NC Chairman, AC and RC member. 3. Lee Metal Group Ltd, NEID (2012-2018); RC Chairman, AC and NC member. <p>Mr. Kho has experience as a non-executive independent director (NEID) in the listed companies above. Mr Kho has also completed all modules of the SID Listed Company Directors Programme (2012) and Effective Board Leadership Programme (2013).</p>	<p>N.A.</p>	<p>N.A.</p>

ZHONGMIN BAIHUI RETAIL GROUP LTD.

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

PROXY FORM

ANNUAL GENERAL MEETING

Important:

1. This AGM (as defined below) will be held by way of electronic means 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. Printed copies of the Notice of AGM and this proxy form will not be sent to members of the Company. Instead, the Notice of AGM and this proxy form will be made available to members on SGX's website at <https://www.sgx.com/securities/company-announcements> and on the Company's corporate website at www.zhongminbaihui.com.sg/NewsList.aspx.
2. Alternative arrangements relating to attendance at the AGM by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio-and-video webcast and live audio-only webcast) are set out in the Notice of AGM and the accompanying Company's announcement dated 14 July 2021. This announcement may be accessed via the SGX's website at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at www.zhongminbaihui.com.sg/NewsList.aspx.
3. **Members will NOT be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow members to participate in the AGM. Members will also NOT be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.**
4. Members who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf.
5. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. For investors who have used their CPF/SRS monies to buy the Shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. This report is forwarded at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY. CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 19 July 2021.

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 as *my/our proxy/proxies, to attend, speak and vote for *me/us on *my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be convened and held by way of electronic means on Thursday, 29 July 2021 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*	Abstain*
1	Adoption of Audited Financial Statements, Directors' Statement and Auditor's Report			
2	Declaring a final one-tier tax exempt dividend of 2.0 Singapore cent per ordinary share for the financial year ended 31 December 2020			
3	Approval of the payment of S\$154,000 as Directors' fees for the financial year ended 31 December 2020			
4	Approval of the payment of S\$34,417 as Directors' fees for the two (2) Directors who are retiring at the Annual General Meeting, namely Mr. Su Caiye and Dr. Ong Seh Hong, for services rendered for the period from 1 January 2021 to 29 July 2021, to be paid in arrears			
5	Re-election of Mr. Lee Swee Keng as a Director (Regulation 104)			
6	Re-election of Ms. Goh Poh Kee as a Director (Regulation 104)			
7	Appointment of Mr. Kho Kewee as an Independent Director (Regulation 114)			
8	Re-appointment of Messrs Ernst & Young LLP as Auditors			
9	Authority to issue and allot shares pursuant to Section 161 of the Companies Act, Cap. 50.			
10	Approval of the proposed Share Buyback Mandate			

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

Dated this _____ day of _____, 2021.

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. Members may only exercise their voting rights at the AGM via proxy voting.
2. Members who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf. The proxy form for the AGM may be accessed via the SGX's website at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at www.zhongminbaihui.com.sg/NewsList.aspx.
3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. The duly executed proxy form must be either (i) sent by email to AGM@zhongminbaihui.com.sg or (ii) deposited at the office of the Company Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the holding of the AGM (i.e. no later than 10:00 a.m. on 27 July 2021).
5. Members are strongly encouraged to submit the completed proxy forms via email.
6. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
7. This proxy form must be executed 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 July 2021.

Board of Directors

Lee Swee Keng
Executive Chairman

Chen Kaitong
Chief Executive Officer

Andrew Lim Kok-Kin
Executive Director

Su Caiye
Non-Executive Director

Choy Bing Choong
Independent Director

Dr Ong Seh Hong
Independent Director

Goh Poh Kee
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.
50 Raffles Quay
#32-01 Singapore Land Tower
Singapore 048623

Auditors

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

Partner In-charge:

Ho Shyan Yan
(Appointed since financial year ended 31 December 2019)

Bankers

Overseas-Chinese Banking Corporation Limited
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 Citic bank
Ping An Bank
China Minsheng Bank
Haixia Bank of Fujian



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