2018

ANNUAL REPORT

中闽百汇零售集团有限公司

ZHONGMIN BAIHUI RETAIL GROUP LTD.

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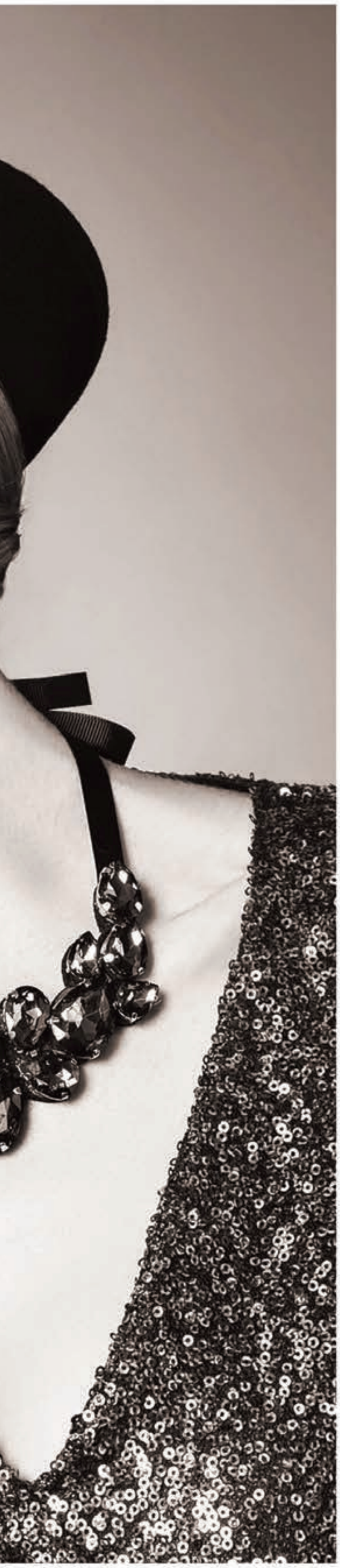


/Corporate Profile
公司简介

Zhongmin Baihui Retail Group Ltd (the "Group" or "ZMBH") is principally engaged in the ownership, operation and management of department stores and supermarkets in the People's Republic of China (the "PRC") under the name "**中闽百汇**". The first modern **中闽百汇** store was opened in Anxi County, Quanzhou City, Fujian Province in 1997. Since then, the Group has expanded its footprint in Fujian to 11 self-owned stores and three managed stores, spanning an aggregate gross floor area of 181,700 sqm (153,300 sqm self-owned store GFA; 28,400 sqm managed store GFA) as at 31 December 2018. The Group ventured into the outlet store operation and management business with the opening of its maiden outlet store, Changsha Sasseur (ZMBH) Outlets, in Changsha City, Hunan Province in December 2018.

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

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

The Group currently has two self-owned stores in Xiamen City, Fujian. The flagship 28,700 sqm Wucun Store, located in a busy commercial district near the Xiamen Railway Station, has the largest underground shopping mall in Xiamen. The Group has a strong presence in Quanzhou, with a total of ten stores (eight self-owned and two managed stores) occupying gross sales area of 111,900 sqm (94,600 sqm self-owned stores). In addition, the Group has a managed store in Zhangzhou and a self-owned store in Putian.

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

In line with rising consumption levels and increased tourist arrivals to Fujian, the Group will continue its expansion plan through the opening of new stores, joint ventures, and strategic alliances. The Group will continue to seek suitable sites both within and beyond Fujian to set up new department stores and supermarkets, and build up the network and brand equity of Zhongmin Baihui, with the goal of establishing itself as the leading department store chain in Fujian and beyond.

/Corporate Profile
公司简介

中闽百汇零售集团是一家投资、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。自 1997 年于福建省泉州市安溪县开设第一家“中闽百汇”商场起，集团不断扩大其在中国的业务，目前已有十一家自营商场和三家管理商场，截至到 2018 年 12 月 31 日，总经营面积达到 181,700 平方米（其中自营商场为 153,300 平方米，管理商场为 28,400 平方米）。2018 年 12 月，集团于湖南省长沙市开设并经营首家奥特莱斯——长沙砂之船（中闽百汇）奥莱。

集团的收入主要来自于“自营”、“联营”、“租赁”和“承包”。超市营业额构成了主要自营收入。联营收入来自于百货区域内上交集团的部分营业额，租赁收入则主要来自于商场内的餐饮商铺，而百货商铺的固定租金则构成了集团的承包收入。

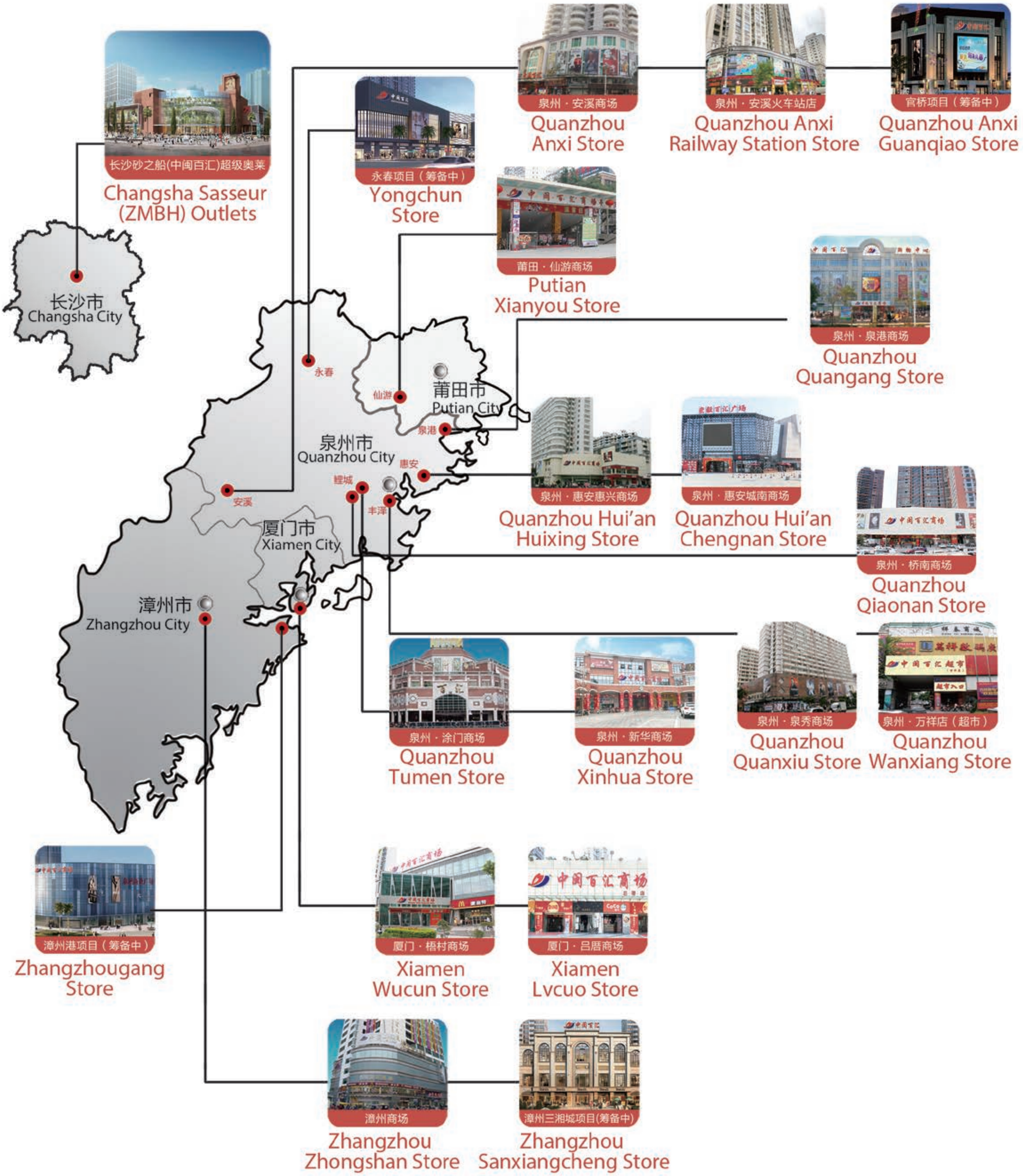
中闽百汇零售集团于 2004 年 9 月 17 日在新加坡注册成立，并于 2011 年 1 月 20 日在新加坡挂牌上市，随后于 2013 年 9 月 3 日从凯利板块升级至主板。

集团目前在福建省厦门市拥有两家自营商场。梧村店作为集团旗舰店，经营面积达 28,700 平方米，坐落在繁华的厦禾路上，紧邻厦门火车站，是目前为止厦门最大的地下购物中心。集团还在泉州市拥有十家商场（八家自营店，二家管理店），总经营面积为 111,900 平方米（自营店为 94,600 平方米）。此外，集团还有一家在莆田市仙游县的自营店和一家在漳州市的管理店。

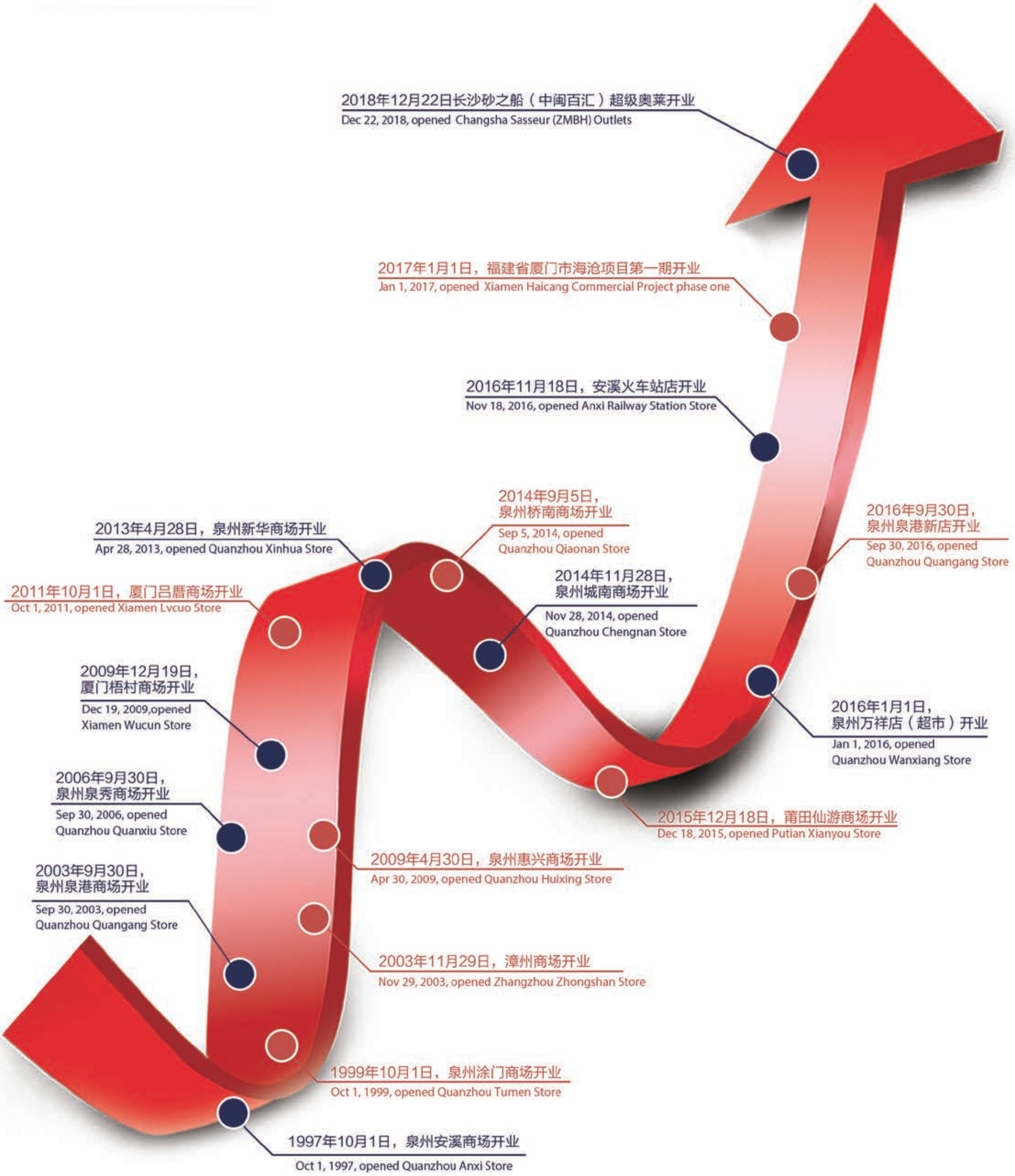
集团经营“中闽百汇”品牌将近 20 年，期间不断为中等收入顾客提供多元化的优质商品、生活用品，为顾客带来了舒适的购物体验。集团所有门店均配备有规模可观的现代化超市，提供新鲜的农产品以及多种多样的商品。通过与国内外知名品牌商的合作，不断优化产品结构，旨在为顾客带来更多产品价值。集团本着“团结、敬业、忠诚、服务”的原则，善待员工、服务顾客、回报社会。中闽百汇旨在以创新的精神为顾客提供优质的商品及服务。集团于 2016 年被评为“2015 年度十佳市民最喜爱的品牌企业”，顾客的高满意度是对我们优质服务的肯定。

随着消费水平的不断提高，以及到访福建省内的国内外游客日益的增加，中闽百汇计划通过开设新商场、合资及策略联盟等方式，继续在省内外寻找合适的场所开设购物中心及中小型民生超市，并致力于品牌的拓建，打造“中闽百汇”知名品牌，努力实现其成为福建省内乃至全国范围内连锁百货领先者的愿景。

/Location of Stores
商场位置分布图



/Store Opening Timeline
开业进程



面积:　　28,700平方米
开业年份:　2009年12月
地理环境:　厦门梧村店位于厦门市思明区最繁华的梧村商圈中心，为福建省最大的地下购物中心之一，设有行人隧道连接厦门高速列车，长途汽车站，公车站和BRT站点，为厦门市交通枢纽的人流中心地带。

Gross floor area: 28,700 sqm
Commencement: Dec 2009
Description: The store is one of the largest underground retail malls in Fujian Province, located in the commercial centre of Siming District in Xiamen City, linked by walkways and underground pedestrian crossings to the Xiamen Railway Station, bus terminals and a BRT station.

福建省厦门市梧村店
Xiamen Wucun Store

面积:　　23,300平方米
开业年份:　2011年10月
地理环境:　厦门吕厝店位于厦门市思明区人口密集的住宅区中心，地铁1号线及正在施工的2号线交叉点。

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

福建省厦门市吕厝店
Xiamen Lvcuo Store

面积:　　6,700平方米
开业年份:　2015年12月
地理环境:　莆田仙游店位于仙游鲤中文体绿化广场，在仙游县中心公园广场范围内，人流稠密，集购物、休闲、娱乐一站式消费地点。

Gross floor area: 6,700 sqm
Commencement: Dec 2015
Description: Located in Xianyou County, Putian City, the store is in the busy Xianyou Lizhong Wenti Lvhua Square in Xianyou Central Garden.

福建省莆田市仙游店
Putian Xianyou Store

面积: 3,700平方米
开业年份: 2016年11月
地理环境: 安溪火车站店座落于安溪特产城、中国茶都旁，周边住宅密集，主要以超市业态为主，满足周边社区居民购物需求。

Gross floor area: 3,700 sqm
Commencement: Nov 2016
Description: The store is located near the Anxi Railway Station in the downtown area in Chengxiang Town, Anxi County, Quanzhou City and serves a densely populated area. This store carries largely supermarket products.

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

福建省泉州市泉港店
Quanzhou Quangang Store

面积: 16,900平方米
开业年份: 2016年9月
地理环境: 泉州泉港店位于泉港区中心处的石油化工工业区，也是人流稠密的住宅中心。

Gross floor area: 16,900 sqm
Commencement: Sept 2016
Description: The store is located in the town centre of Quangang District, Quanzhou City. Petrochemical is a major industry in Quangang.

面积: 16,400平方米
开业年份: 1999年10月
地理环境: 泉州涂门店位于人流旺盛的泉州市市中心。

Gross floor area: 16,400 sqm
Commencement: Oct 1999
Description: The store is situated in a popular shopping belt in the city centre of Quanzhou City and in proximity to several popular historic sites.

福建省泉州市涂门店
Quanzhou Tumen Store

面积: 10,400平方米
开业年份: 2006年10月
地理环境: 泉州泉秀店位于人口密集的泉州市市中心，连接公交网络，人流稠密。

Gross floor area: 10,400 sqm
Commencement: Oct 2006
Description: This store serves a densely populated area in the city centre of Quanzhou City and is well served a public transportation network.

福建省泉州市泉秀店
Quanzhou Quanxiu Store

福建省泉州市新华店
Quanzhou Xinhua Store

面积: 14,400平方米
开业年份: 2013年4月
地理环境: 泉州新华店位于泉州市的一个老城区里，紧邻几个旅游景点和住宅区。

Gross floor area: 14,400 sqm
Commencement: Apr 2013
Description: The Xinhua Store is situated in a historic district of Quanzhou City, near places of attraction for visitors.

面积: 6,300平方米
开业年份: 2014年9月
地理环境: 泉州桥南店位于连接中心市区、晋江、泉州开发区和江南片区的中心地带。

Gross floor area: 6,300 sqm
Commencement: Sep 2014
Description: The store is located at the intersection to several city centres, namely, the Jinjiang District, Quanzhou Development District and South District of Quanzhou Bridge.

福建省泉州市桥南店
Quanzhou Qiaonan Store

面积: 25,500平方米
开业年份: 2014年11月
地理环境: 泉州惠安城南店位于惠安县城南部，一座综合Mall的宏毅百汇广场内，紧邻惠安县螺阳镇城区。

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

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

福建省泉州市万祥店
Quanzhou Wanxiang Store

面积: 1,000平方米
开业年份: 2016年1月
地理环境: 万祥店位于一个繁华的住宅区，是我们的第一家社区超市。主要以生鲜和超市业态为主，满足当地社区居民购物需求。

Gross floor area: 1,000 sq m
Commencement: Jan 2016
Description: The Wanxiang Store, located in Fengze District, Quanzhou City, carries largely supermarket products and caters to the shopping needs of the local community.

面积: 10,900平方米
开业年份: 2009年4月
地理环境: 泉州惠安惠兴店位于人口密集的惠安县中心处，四周为住宅。

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

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

面积: 6,400平方米
开业年份: 1997年10月（2006年搬至新店）
地理环境: 泉州安溪店位于安溪县凤城镇商业中心，人流稠密。

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

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

面积: 11,100平方米
开业年份: 2003年11月
地理环境: 漳州中山店位于漳州市市中心，人流稠密。

Gross floor area: 11,100 sqm
Commencement: Nov 2003
Description: The Zhangzhou Zhongshan Store is located in the busy city centre of Zhangzhou City.

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

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

面积: 210,000平方米
开业年份: 2018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: 210,000 sqm
Commencement: Dec 2018
Description: The property is located at the junction of Jinxing Road and Yueliangdao Road in Wangcheng District, Changsha City, Hunan Province. The project is a joint venture with the Sasseur Group to manage and operate the development.

/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 2018.

The Chinese economy continued to grow in 2018. According to the National Bureau of Statistics of China, the Chinese GDP and the retail sales of consumer goods grew by 6.6% and 9.0% respectively in 2018. The strength of the Chinese economy allowed us to remain profitable in 2018 despite the generally challenging environment. To reward our shareholders, we are proposing a final dividend of SGD 1.5 cents per share or a total of SGD 2.5 cents per share for the year.

The Group is embarking its efforts to grow on its traditional store strategy as well as on the outlet management business. For our traditional stores, we have plans to grow our gross floor area by over 30% over the next 12 months. Two stores to be operational in Zhangzhou City, Fujian Province are the 1,400 sqm store in Xiangcheng District and the larger 15,200 sqm store in the Zhangzhou China Merchants Economic and Technological Development Zone. In Quanzhou City, we are adding a 23,200 sqm store in Yongchun County, a 6,400 sqm store in Anxi County and a 4,000 sqm store in Nan'an County. In Haicang County, Xiamen City, we expect a 1,400 sqm new store to be added soon.

In December 2018, together with our joint venture partner, CQ Sasseur, we opened our maiden outlet, Changsha Sasseur (ZMBH) Outlets in Changsha, Hunan Province. We are pleased with the performance of the Changsha outlet. Continuing our outlet strategy, we will be introducing a new outlet in Wuxi City, Jiangsu Province and another outlet in Shanghai. The Shanghai outlet will be co-managed with CQ Sasseur.

We have confidence that the Group will continue to deliver satisfactory results this year. I hope our shareholders will continue to give us their support. Thank you.

Mr Lee Swee Keng
Executive Chairman

27 March 2019

/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，高兴的在此呈现公司 2018 年度年报。

2018 年中国经济持续增长。中国国家统计局发布，2018 年的国内生产总值增长 6.6%，零售销售年度增长 9.0%。尽管经济环境充满挑战，但得益于中国经济的强劲发展，我们在 2018 年度仍能保持盈利。为奖励我们的股东，我们决定发期末股息每股新币 1.5 分，2018 年度总红利新币 2.5 分。

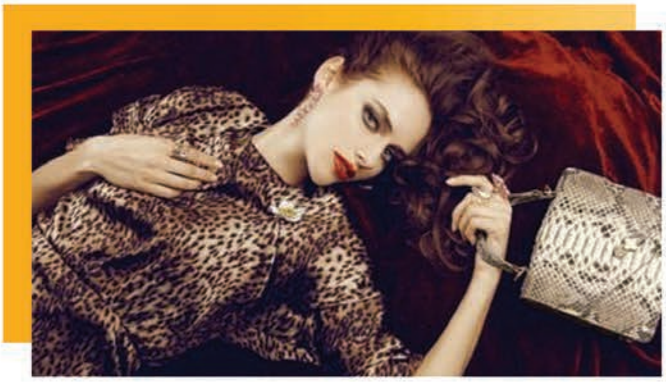
集团正努力发展其传统门店业务，同时也拓展奥特莱斯管理业务。针对传统门店，我们计划于 2019 年内增加超过 30% 的总经营面积。在福建省漳州市将有两家门店开业，一家位于芗城区，经营面积 1400 平方米，另一家位于漳州招商局经济技术开发区，经营面积 15200 平方米。此外，在泉州市我们将在永春县开一家 23200 平方米的门店，在南安的一家面积 4000 平方米店，以及安溪县一家 6400 平方米的门店。2019 年我们也将在厦门市海沧区迎来一家 1400 平方米新店的开业。

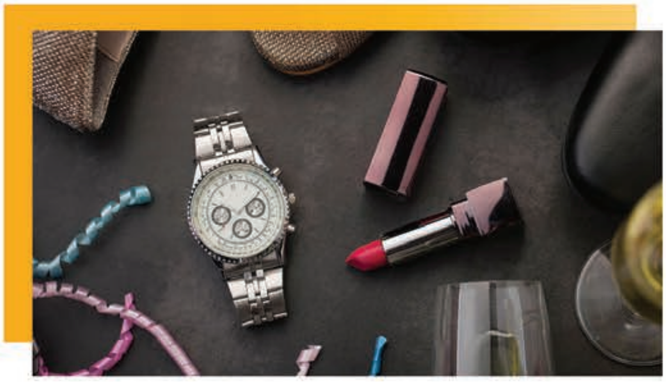
在 2018 年 12 月，我们在湖南长沙市和重庆砂之船开了首家奥特莱斯——长沙砂之船（中闽百汇）奥特莱斯。开业后，我们对长沙项目成绩觉得很满意。我们将继续拓奥莱店业务，会在江苏省无锡市开设一家新的奥莱。我们也会和砂之船在上海合作开一家奥莱。

我们相信集团在 2019 年将继续呈现较好业绩。我也希望各位股东能继续支持我们。谢谢！

李瑞庆
执行主席

2019 年 3 月 27 日





/CEO's Statement
总裁致词

In an environment of more moderate growth in the Chinese economy, the Group's performance in 2018 can be regarded as satisfactory as we began our journey on a new growth path in the large scale outlet business segment while maintaining a good level of profitability in our traditional format store strategy.

We are pleased to announce that our maiden outlet super mall, Changsha Sasseur (Zhongmin Baihui) Outlets, was successfully opened for business in December 2018. The huge sales recorded during the opening period was very encouraging. Even though the mall recorded a financial loss in 2018, which was largely due to the recognition of pre-operating expenses, we are confident that the contribution from the mall in 2019 will be positive. In June 2018, we announced the signing of several joint venture agreements. We are making significant progress on two of the agreements - the joint venture agreement for the management of Wuxi Mingfa Commercial Square, a complex with a total gross floor area of 480,000 sqm in Wuxi City, Jiangsu Province and the JV agreement for the 217,900 sqm Shanghai Mingfa Jiading Centre in Shanghai, which we will co-manage with CQ Sasseur. The outlets super mall management business is a new business segment for the Group and we are confident this will be a significant source of growth over time. The new outlets are scheduled to opened around the end of 2020.

Our traditional business in the department store and supermarket segments performed in line with expectations, albeit at a lower level of profitability. Revenue in 2018 declined by a marginal 0.6%-point from the previous year to RMB967m. Gross profit fell 3.9% to RMB280m (from RMB292m). Lower advertisement and promotion income, impairment charges, provisions for termination of leases and losses incurred by associated companies dragged net profit down by 25% to RMB40.5 million. Nevertheless, our net cash flows generated from operating activities remained strong at RMB75m in 2018. A more prudent dividend policy enabled us to maintain a stronger cash balance of RMB207m (from RMB187m). There was no interest-bearing debt or borrowing as at the end of 2018. The Group is confident that we are able to manage our growth strategy with our resources.

The Group's presence in Fujian will continue to grow this year. Based on our store roll-out plan, we should open two stores in Zhangzhou City, one in Xiamen City and three in Quanzhou City in 2019, which would increase our total self-owned store gross floor area by more than 30%. Growth in the lower tier cities in Fujian continues to be robust and the Group is well positioned to capitalise on this trend.

We will continue to improve our staff productivity, improve customer satisfaction and maintain our competitive edge. We are confident 2019 and the years beyond will be good for our stakeholders.

Mr Chen Kaitong
CEO

27 March 2019

/CEO's Statement
总裁致词

在中国经济适度增长的大环境下，集团在 2018 年度的总体表现令人满意，主要得益于集团于 2018 年度开启了超大型奥莱（折扣店）商业模式发展的全新道路，同时在传统门店经营模式的策略下保持了较好的盈利。

我们很高兴的宣布，我们首家超大型奥莱——长沙砂之船（中闽百汇）奥特莱斯——于 2018 年 12 月正式开业，开业当日销售额即取得巨大突破。即使购物中心由于重新开业导致在 2018 年财务费用造成部分费用，但我们相信其在 2019 年度必将做出贡献。2018 年 6 月，我们宣布签署了几份奥莱合资协议。自签约以来，无锡项目和上海项目已取得显著进展。无锡项目是在江苏省无锡市明发商业广场，总面积达 480,000 平方米。上海项目是和重庆砂之船合作管理上海市上海海明发嘉定中心，总面积达 217,900 平方米。两家奥莱计划于 2020 年年底开业。超大型奥莱（折扣店）购物中心管理是集团一项新的业务，我们相信其必将成为集团未来持续发展的重要动力之一。

我们百货商场与超市的传统业务在本年度尽管盈利水平较低，但总体在我们的期望内。2018 年度收入同比下降 0.6% 至人民币 9.67 亿元。毛利率同比下降 3.9% 至人民币 2.8 亿元（同比人民币 2.92 亿元）。净溢利下降 25% 至人民币 4050 万元，下降原因包括较低的广告和促销收入、减损支出、租赁终止支出与联营公司亏损。尽管如此，我们的净现金流在 2018 年度通过经营活动仍保持强劲，达到人民币 7500 万元。此外，更谨慎的红利政策使我们能够保持充足的现金款，从 2017 年的人民币 1.87 亿元增加至 2018 年的人民币 2.07 亿元。2018 年同无付息债务或借款。集团有信心保持稳步发展。

集团在福建省的经营业务将在今年继续扩张。根据集团开店计划，我们将在 2019 年度迎来多家新店开业，包括漳州市两家、泉州市三家以及厦门市一家。届时，我们的自营店总经营面积将增长超过 30%。目前，福建省二三线县市的经济增长持续强劲，集团将严阵以待，随时准备好投入到该经济潮流中。

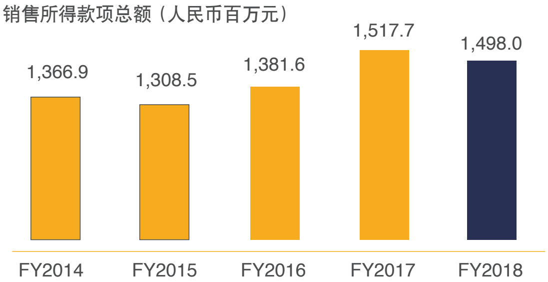
我们将继续提高劳动效率，增加顾客满意度，同时保持集团竞争力。我们相信 2019 年及之后年度将会是我们所有利益相关者的福运年。

陈开通
总裁

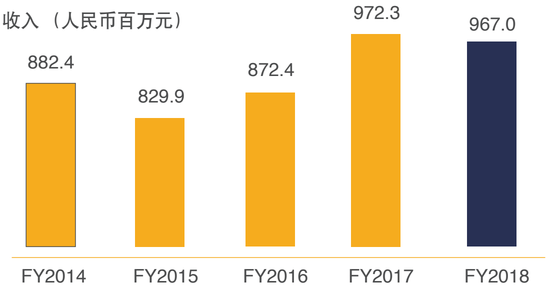
2019 年 3 月 27 日

/Financial Highlights
财务摘要

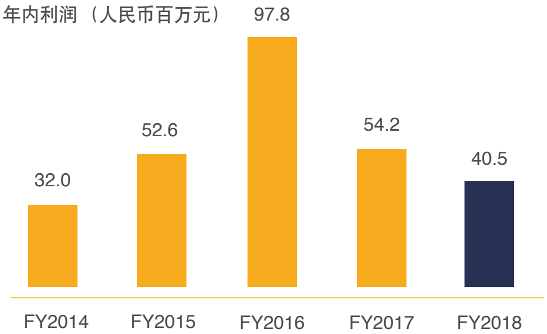
Gross sales proceeds *(RMB'Million)*
销售所得款项总额（人民币百万元）



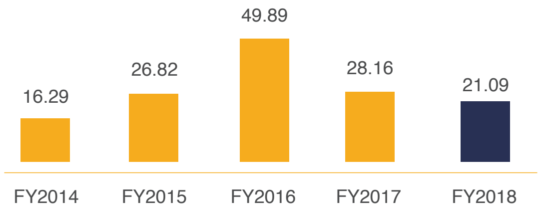
Revenue *(RMB'Million)*
收入（人民币百万元）



Profit for the year *(RMB'Million)*
年内利润（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）



	FY2014	FY2015	FY2016	FY2017	**FY2018**
Financial Results (RMB'000) 财务业绩（人民币'000）					
Gross sales proceeds 销售所得款项总额 *	1,366,916	1,308,535	1,381,641	1,517,687	**1,498,022**
Revenue 收入	882,350	829,924	872,400	972,340	**966,975**
Profit before taxation 税前利润	50,476	77,393	149,093	82,132	**65,169**
Profit for the year 年内利润	31,983	52,644	97,823	54,200	**40,458**
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	31,803	53,062	97,201	55,500	**40,922**
Financial Position (RMB'000) 财务状况（人民币'000）					
Non-current assets 非流动资产	110,059	118,120	97,752	212,814	**200,128**
Current assets 流动资产	395,785	425,917	463,099	361,203	**394,368**
Current liabilities 流动负债	(322,646)	(317,723)	(339,278)	(350,952)	**(363,435)**
Net current assets 净流动资产	73,139	108,194	123,821	10,251	**30,933**
Non-current liabilities 非流动负债	(81,183)	(111,543)	(55,862)	(50,772)	**(36,607)**
Total equity 总权益	102,015	114,771	165,711	172,293	**194,454**
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	16.29	26.82	49.89	28.16	**21.09**
Net asset value per share 每股净资产值	51.96	58.46	82.37	89.81	**101.37**

* 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。


FASHION
SHOPPING

筹备店
/Up And Coming Stores

中闽百汇 漳州港项目

面积: 15,200平方米
地理环境: 位于南厦门中央核心位置——漳州港行政科教商住区中心，是漳州港的行政、文化、商业中心。

Store in CMZD, Zhangzhou City
Gross floor area: 15,200 sqm
Description: The store is located in a new economic zone called the China Merchants Economic and Technological Development Zone ("CMZD"), one of the state development zones, to serve as the administrative, cultural and commercial centre of Zhangzhou Port.

中闽百汇 永春项目

面积: 23,200平方米
地理环境: 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。

Store in Yongchun County, Qunazhou City
Gross floor area: 23,200 sqm
Description: Located in the main town area of Yongchun County, the store serves a densely populated area. The area also serves key local government organisations and other cultural, sports and technology entities.

中闽百汇 金峰项目

面积: 1,400平方米
地理环境: 位于漳州城西，是一个繁华的住宅区，以生鲜和超市业态为主。

Store in Xiangcheng District, Zhangzhou City
Gross floor area: 1,400 sqm
Description: Located in a good residential district in Zhangzhou City, this store will focus on retailing fresh produce and supermarket products.

中闽百汇 马銮湾项目

面积: 1,400平方米
地理环境: 位于人口密集的厦门市海沧区马銮湾生活广场。

Store in Haicang District, Xiamen City
Gross floor area: 1,400 sqm
Description: The store is located in Maluanwan Square, which is in a densely populated part of Haicang District, Xiamen City.

中闽百汇 官桥项目

面积: 6,400平方米
地理环境: 位于人口密集的官桥镇中心。

Store in Guanqiao, Anxi County
Gross floor area: 6,400 sqm
Description: The store is located in the densely populated town of Guanqiao Town, Anxi County.

中闽百汇 仑苍项目

面积: 4,000平方米
地理环境: 位于人口密集的泉州市南安市仑苍镇联盟商业广场。

Store in Luncang, Nan'an, Quanzhou City
Gross floor area: 4,000 sqm
Description: The 2-storey store is located in Lian Meng Commercial Plaza in the town of Luncang in Nan'an County, Quanzhou City.

/Board of Directors 董事会

Lee Swee Keng

Executive Chairman

Mr Lee was appointed to the Board in September 2004. He is responsible for charting and steering the Group's business direction, as well as the overall management, strategic planning and business development for the Group. He possesses over 30 years of experience as an entrepreneur, establishing and managing businesses in industries ranging from food and beverage to construction machinery and equipment. As a key founder of the Group, Mr Lee partnered Mr Chen Kaitong in setting up and operating small-scale department stores in Anxi, Fujian, before they collaborated to establish Zhongmin Baihui and its group of stores. Mr Lee was conferred 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 Director and CEO of the Company since December 2008. He is also a director in various companies of the Group. Mr Chen is instrumental to the Group's growth, operations and direction. He is responsible for strategic corporate planning, business development and overseeing the key day-to-day operations of the Group. Mr Chen has more than 30 years of experience in the retail industry in China. He was involved in the early stages in setting and running the first modern department store of the Group in Anxi. He received numerous awards for his contribution to the sector. In 2010, he was elected Chairman of the Quanzhou City Chain Store & Franchise Association. He was 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 16^{th} NPC.

Mr Andrew Lim Kok-Kin

Executive Director

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

Su Jianli

Deputy CEO (Marketing and Operations) and Executive Director

Mr Su was appointed to the Board in December 2008. His responsibilities include assisting the CEO in performing the daily running of the Group, with emphasis on strategic corporate planning and development of Group operations, implementation of quality management policies and marketing and sales. Mr Su possesses more than 17 years of experience at the management level in the power and apparel industries.

/Board of Directors
董事会

Su Caiye
Non-Executive Director

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

Dr Ong Seh Hong
Independent Director

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

Mr Koh Lian Huat
Independent Director

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

Ms Goh Poh Kee
Independent Director

Miss Goh was appointed to the Board as independent director in December 2018. She is a corporate service provider providing business & management consulting and 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. Prior to that, Miss Goh was the CFO of SGX Catalist firm Equation Corp Limited from 2005 to 2009 and as a Special Assistant to CEO from 2009 to 2012. She has 30 years of finance, accounting and business management related working 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 ("FCA (Singapore)").

/ Key Management
高级管理层

Ms Wang Liyu

Deputy CEO (Administration and Human Resources)

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

Mr Jeffrey Kan Kai Hi

Chief Financial Officer

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


LET

/ 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 2018 ("**FY2018**"), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "**Code**"). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

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

The Board of Directors ("**Board**") is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The constitution of the Company ("**Constitution**")[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 Main Board of the SGX-ST on 3 September 2013. The number of Board and Board committee meetings held and attended by each Board member of the Company during the financial year under review is as set forth:

	Board	Board Committees		
		Audit	Nominating	Remuneration
Number of meetings held	**4**	**4**	**1**	**1**
	Number of meetings attended			
Mr Lee Swee Keng	4	4*	2*	1*
Mr Chen Kaitong	4	4*	2*	1*
Mr Su Jianli	2	2*	–	–
Mr Su Caiye	2	2*	2*	1*
Mr Andrew Lim Kok-Kin	4	4*	2	1*
Dr Ong Seh Hong	4	4	2	1
Mr Koh Lian Huat	4	4	2	1
Ms Goh Poh Kee [(1)]	–	–	–	–
Ms Xu Ruyu [(2)]	3	3	2	1

**By Invitation*

Notes:

(1) Ms Goh Poh Kee was appointed as an Independent Director of the Company with effect from 31 December 2018.

(2) Ms Xu Ruyu has resigned as Independent Director of the Company with effect from 31 December 2018.

1 Pursuant to the prevailing 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.

/ Corporate Governance Report
企业治理

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

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

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

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

The Company is responsible for arranging and funding the training of Directors. Board members have been and will be encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards. The Directors have received training, which was arranged by the Company during the year mainly in several areas including data protection regulation, taxing e-commerce and accounting standard on leases.

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

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

/ Corporate Governance Report
企业治理

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

In FY2018, the Board comprised eight (8) members, four (4) of whom hold executive positions, one (1) of whom is a non-executive non-independent Director and three (3) of whom are Independent Directors:

With effect from 31 December 2018, Ms Goh Poh Kee has been appointed as Independent Director of the Company and Ms Xu Ruyu had resigned as an Independent Director of the Company. 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 Su Jianli	Executive Director
Mr Andrew Lim Kok-Kin	Executive Director
Mr Su Caiye	Non-executive non-independent Director
Mr Koh Lian Huat	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 Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. There are three (3) Independent Directors on the Board. Whilst the prevailing applicable guideline of the Code would be that half 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 half of the Board is comprised of Non-Executive Directors who have been consistently proven to be exercising independent business judgement with a view to the best interests of the Company. No changes were made to the Board composition noting the effectiveness of the present Board as explained below.

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

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

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

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

/ Corporate Governance Report
企业治理

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

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

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

The Executive Chairman, Mr Lee Swee Keng, plays a vital role in charting and steering the corporate direction of 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 store 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 team, the Company has appointed Mr Koh Lian Huat, an Independent Director, to be the Lead Independent Director. The Independent Directors will be available to the shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

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

In FY2018, the members of the Company's Nominating Committee during the financial period under review are Ms Xu Ruyu, Mr Koh Lian Huat, Ms Goh Poh Kee and Mr Andrew Lim Kok-Kin. With effect from 31 December 2018, Ms Xu Ruyu has resigned as an Independent Director of the Company and Ms Goh Poh Kee was appointed as an Independent Director of the Company. As at the date of this annual report, there are three (3) Independent Directors such that 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) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour);

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

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

(e) to review Board succession plans for Directors;

(f) to review training and professional development programmes for the Board; and

(g) to assess the performance of the Board and contribution of each Director to the effectiveness of the Board.

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

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

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

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

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

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

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

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

Mr Lee Swee Keng will, upon re-election, remain as Executive Chairman of the Company. Mr Andrew Lim Kok-Kin will, upon re-election, remain as Executive Director of the Company. Mr Koh Lian Huat will, upon re-election, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

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	Directorship in other listed companies
LEE SWEE KENG	59	Executive Chairman	17 September 2004	26 April 2017	NIL
CHEN KAITONG	52	Chief Executive Officer and Executive Director	9 December 2008	25 April 2016	NIL
SU JIANLI	45	Deputy Chief Executive Officer and Executive Director	9 December 2008	27 April 2018	NIL
ANDREW LIM KOK-KIN	55	Executive Director	1 January 2012	26 April 2017	NIL
SU CAIYE	47	Non-executive non-independent Director	9 December 2008	27 April 2018	NIL
KOH LIAN HUAT	78	Lead Independent Director	20 December 2010	26 April 2017	Hock Lian Seng Holdings Limited
DR ONG SEH HONG	56	Independent Director	23 December 2010	25 April 2016	Dyna-Mac Holdings Ltd Hock Lian Seng Holdings Limited
GOH POH KEE [(3)]	52	Independent Director	31 December 2018	NIL	NIL

(3) Ms Goh Poh Kee was appointed as an Independent Director of the Company with effect from 31 December 2018.

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

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

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

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

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

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

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

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

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

The Directors have separate and independent access to the Company Secretary. The Company Secretary or his/her colleague attends all Board meetings and ensures that the Board procedures and the provisions of applicable laws, the Companies Act (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 expense of the Company.

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REMUNERATION MATTERS

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

In FY2018, the members of the Company's Remuneration Committee during the financial period under review are Xu Ruyu, Dr Ong Seh Hong and Koh Lian Huat. With effect from 31 December 2018, Ms Xu Ruyu has resigned as an Independent Director of the Company and Ms Goh Poh Kee was appointed as an Independent Director of the Company. As at the date of this Annual Report, the members of the Company's Remuneration Committee are Dr Ong Seh Hong, Mr Koh Lian Huat and Ms Goh Poh Kee. The Remuneration Committee is entirely constituted by Independent Directors, and the Chairman of the Remuneration Committee is Dr Ong Seh Hong, an Independent Director.

Our 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 and benefits-in-kind shall be covered by the Remuneration Committee. 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. The Remuneration Committee may access expert advice regarding executive compensation matters relating to Directors and key management personnel if required.

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

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

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

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.

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

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

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

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

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

Remuneration Band and Name of Director	Base / Fixed salary	Directors' fees	Variable or performance benefits related income / Bonus	Other Benefits
Above S$250,000 and Below S$500,000				
Mr Lee Swee Keng	73%	–	23%	4%
Mr Chen Kaitong	76%	–	24%	–
Below S$250,000				
Mr Su Jianli	79%	–	19%	2%
Mr Su Caiye	–	100%	–	–
Mr Andrew Lim Kok-Kin	77%	–	12%	11%
Mr Koh Lian Huat	–	100%	–	–
Mr Dr Ong Seh Hong	–	100%	–	–
Ms Xu Ruyu	–	100%	–	–
Ms Goh Poh Kee[4]	–	–	–	–

[4] Ms Goh Poh Kee was appointed as an Independent Director of the Company with effect from 31 December 2018 and has agreed not to receive any Directors' fees for FY2018.

There are only two (2) management personnel whom the Company considered to be key management personnel (who were not Directors). Accordingly, these two (2) key management personnel of the Group during the financial year under review fell within the remuneration band of below S$250,000:

Mr Jeffrey Kan Kai Hi	79%	–	19%	2%
Ms Wang Liyu	74%	–	18%	8%

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

In considering the disclosure of remuneration of these two (2) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of the key management personnel's remuneration and believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to these two (2) key management personnel of the Company (who are not Directors or the Chief Executive Officer) for FY2018 is approximately S$368,869.

No employee who was an immediate family member of a Director was paid more than S$50,000 during FY2018. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

ACCOUNTABILITY AND AUDIT

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

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

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

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

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

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

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 FY2018 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 FY2018 (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, for the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board recognises that no cost-effective internal control system will preclude all errors and irregularities, as such a system is designed to manage (rather than eliminate the risk of failure) and achieve its business objectives. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

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

In FY2018, the members of the Company's Audit Committee during the financial period under review are Mr Koh Lian Huat, Dr Ong Seh Hong and Ms Xu Ruyu. With effect from 31 December 2018, Ms Xu Ruyu has resigned as an Independent Director of the Company and Ms Goh Poh Kee was appointed as an Independent Director of the Company. As at the date of this Annual Report, the members of the Company's Audit Committee for the financial period under review are Mr Koh Lian Huat, Dr Ong Seh Hong and Ms Goh Poh Kee. The Audit Committee is entirely constituted by Independent Directors, and the Chairman of the Audit Committee is Mr Koh Lian Huat, an Independent Director.

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

– review the audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls;

– review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with international financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;

– review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Listing Manual, before submission to the Board for approval;

– review and discuss with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

– review the co-operation given by the Management to the external auditors;

– review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financing, operational, compliance and information technology controls;

– consider the appointment and re-appointment of the external auditors and matters relating to resignation or dismissal thereof;

– review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

– review the guidelines and review procedures set out in the "Interested Person Transactions and Potential Conflicts of Interests" section of the Company's Offer Document and future interested person transactions, if any;

– monitor the undertaking described in the "Interested Person Transactions and Potential Conflicts of Interests – Potential Conflicts of Interest" section of the Company's Offer Document;

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– review any potential conflicts of interest;

– review the adequacy and supervision of the finance and accounting team on a regular basis;

– review the procedures by which employees of 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;

– 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

– 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 judgment, to discharge the Audit Committee's functions.

The Audit Committee met four (4) times during the year under review. Details of members' attendance at the meetings are set out on page one. The Chief Financial Officer, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of the senior management are also invited to attend as appropriate to present reports.

The Audit Committee 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 16.

The Audit Committee met on a quarterly basis and reviewed the quarterly and full-year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the Audit Committee reviewed the audit plan and audit committee report presented by the external auditors. The external auditors provide regular updates and 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.

The Audit Committee also reviewed the annual financial statements and discussed with the Management, the Chief Financial Officer and the external auditors regarding the significant accounting policies, judgment 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 FY2018.

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 inventory	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 of property, plant and equipment	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 flow 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 have been made available to all employees of the Company.

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

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

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

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

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

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The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors. The Audit Committee 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 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. The Constitution allows all shareholders to appoint proxy/proxies to attend general meetings and vote on his/her/their behalf. In particular, Relevant Intermediaries, as defined under the Companies Act (Cap. 50 of Singapore), may appoint more than two (2) proxies.

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

– annual reports issued to all shareholders. Non-shareholders may access the SGX-ST website for the Company's annual reports;

– quarterly and full-year announcements of the Company's financial statements on the SGXNet;

– other announcements on the SGXNet; and

– press releases on major developments regarding the Company.

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

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

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

Pertinent information is communicated to shareholders through:

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

(2) the Company's annual reports that are prepared and issued to all shareholders;

(3) notices of and explanatory memoranda, for AGMs and extraordinary general meetings; and

(4) press releases on major developments of the Group.

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

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

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

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

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

DEALINGS IN SECURITIES

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

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

AUDITOR AND AUDIT FEES

The aggregate amount of fees paid to Ernst & Young LLP in FY2018 was S$307,400 of which audit fees amounted to approximately S$305,000. 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 FY2018. 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.

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MATERIAL CONTRACTS

Save for the following interested person transactions, there are no material contracts entered into by the Company and its subsidiaries during the FY2018 or still subsisting as at 31 December 2018 which involved the interests of the Chief Executive Officer, any of the Directors or controlling shareholders of the Company.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB4,924,528	–
Commission from concessionaire sales charged to a related party: Fujian Hancai Garments Co., Ltd.	RMB509,086	–
Renewal of lease agreement with a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB15,338,674	–

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 polices 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.

SUSTAINABILITY REPORTING – SUMMARY OF SUSTAINABILITY REPORT

This will be our second sustainability report, under the leadership of the Chief Executive Officer, Mr. Chen Kaitong, supported by a steering committee.

With the Board's approval, the major changes to this year's report are (i) sustainability reporting being rolled out to more operating subsidiaries, and (ii) in line with GRI we have migrated from G4 to Standards framework. Our sustainability report will be publicised within the month of May 2019.

/ 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 2018.

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 2018 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
Su Jianli
Andrew Lim Kok-Kin
Su Caiye
Koh Lian Huat
Ong Seh Hong
Goh Poh Kee (appointed on 31 December 2018)

Arrangements to enable directors to acquire shares and debentures

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

/ Directors' Statement

Directors' interest in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	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	48,241,000	48,290,700	–	–
Chen Kaitong	47,400,680	47,400,680	–	–
Su Caiye	24,040,700	24,040,700	–	–
Su Jianli	6,169,932	6,169,932	–	–
Andrew Lim Kok-Kin	800,000	800,000	–	–

There was no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 January 2019.

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;

Audit Committee (cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

- Reviewed the nature and extent of non-audit services provided by the external auditors;

- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

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

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

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
27 March 2019

/ Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.
For the financial year ended 31 December 2018

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 2018, 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 2018 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.

Key Audit Matters (cont'd)

Cash and bank balances

The Group's cash and bank balances were significant as they represented 38% of the Group's total assets balance. The cash and bank balances held by the Company and its subsidiaries represented 1% and 99% 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 directly from the banks in China and comparing the bank balances recorded by the subsidiaries for those bank accounts with online banking system. We 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 have performed surprise cash counts on a sample basis for selected material cash floats held 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 is material to the financial statements as they represent 7% of the Group's total assets balance. Additionally, gold inventory is subjected to higher inherent risk of theft and pilferage and its price is subject to market volatility. As such we determined the existence and valuation of gold inventory to be a key audit matter.

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

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

Impairment of property, plant and equipment

The Group operates several department stores in China and its total property, plant and equipment represent 24% of the Group's total assets balance. For the financial year ended 31 December 2018, the Group has assessed the loss making stores to have indicators of impairment and recorded impairment loss of RMB 4.2 million against the property, plant and equipment for certain department stores. 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. Due to the significance of the impairment loss amount recognised during the year and the judgement involved in the impairment assessment, we considered this as a key audit matter.

Our audit procedures included, amongst others, assessing the appropriateness of management's assumptions applied in the value-in-use model based on our knowledge of the store operations and performance. This included obtaining an understanding of management's planned strategy on revenue growth, gross profit margin, discount rate and cost initiatives. In addition, we reviewed management's analysis of the sensitivity of the recoverable amount to changes in certain key assumptions. We have also assessed the adequacy of the disclosures in the financial statements in Note 8 of the financial statements.

/ Independent Auditor's Report

to the Members of Zhongmin Baihui Retail Group Ltd.
For the financial year ended 31 December 2018

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 2018

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 Low Yen Mei.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2019

/ Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	Note	Group 2018 RMB	Group 2017 RMB
Revenue	4	966,975,064	972,339,837
Cost of sales		(686,680,767)	(680,675,733)
Gross profit		280,294,297	291,664,104
Other income		94,070,894	87,681,532
Interest income		3,514,514	4,045,698
Selling and distribution expenses		(198,639,397)	(212,161,458)
Finance costs		(39,583)	–
Impairment loss on financial assets	17	(3,987,800)	–
Administrative expenses		(105,141,348)	(88,199,594)
Profit before tax and share of results of associates		70,071,577	83,030,282
Share of results of joint venture	11	–	(726,064)
Share of results of associates	12	(4,902,111)	(172,680)
Profit before tax	5	65,169,466	82,131,538
Income tax expense	6	(24,711,348)	(27,931,285)
Profit for the year		40,458,118	54,200,253
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain		464,007	1,299,904
Other comprehensive income for the year, net of tax		464,007	1,299,904
Total comprehensive income for the year attributable to the owners of the Company		40,922,125	55,500,157
Earnings per share (cents per share)			
Basic and diluted	7	21.09	28.16

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

/ Balance Sheets

As at 31 December 2018

	Note	Group			Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
		RMB	RMB	RMB	RMB	RMB	RMB
Non-current assets							
Property, plant and equipment	8	145,279,163	160,097,703	45,974,962	79,678	9,323	12,070
Intangible assets	9	5,362,353	5,839,953	6,317,553	–	–	–
Investment in subsidiaries	10	–	–	–	48,377,841	48,377,841	48,377,841
Investment in a joint venture	11	–	1,273,936	–	–	–	–
Investment in associates	12	29,100,784	24,502,895	24,675,575	–	–	–
Long-term investment	13	–	3,800,000	3,800,000	–	–	–
Other receivables	17	1,000,000	–	–	–	–	–
Deferred tax assets	14	12,024,771	12,708,147	13,419,688	–	–	–
Other assets	24	7,361,234	4,591,254	3,564,692	–	–	–
		200,128,305	212,813,888	97,752,470	48,457,519	48,387,164	48,389,911
Current assets							
Inventories	15	100,132,192	104,722,460	113,774,465	–	–	–
Prepayments	16	9,414,269	18,500,815	22,142,903	26,151	23,873	45,795
Trade and other receivables	17	31,424,324	31,475,137	28,641,496	82,448	46,206	44,601
Amount due from a subsidiary	18	–	–	–	25,500,000	–	–
Amount due from an associate	19	14,400,000	8,400,000	4,200,000	–	–	–
Amount due from related parties	20	10,873,055	11,506,332	6,507,978	–	–	–
Cash and cash equivalents	21	207,024,261	186,597,945	287,831,818	2,174,599	27,829,375	61,275,846
Restricted cash	22	21,100,000	–	–	–	–	–
		394,368,101	361,202,689	463,098,660	27,783,198	27,899,454	61,366,242
Less: Current liabilities							
Trade and other payables	23	304,137,290	304,456,386	299,527,326	979	825	907
Other liabilities	24	38,840,015	26,337,445	24,786,358	2,479,414	2,438,530	1,661,070
Amount due to related parties	20	3,862,401	1,444,484	2,022,366	–	–	–
Income tax payable		16,595,229	18,713,047	12,941,489	32	–	–
		363,434,935	350,951,362	339,277,539	2,480,425	2,439,355	1,661,977
Net current assets		30,933,166	10,251,327	123,821,121	25,302,773	25,460,099	59,704,265
Non-current liabilities							
Other liabilities	24	24,986,913	42,542,855	49,995,263	–	–	–
Deferred tax liabilities	14	11,620,613	8,229,183	5,867,705	8,520,319	5,709,801	3,355,255
Net assets		194,453,945	172,293,177	165,710,623	65,239,973	68,137,462	104,738,921
Equity attributable to the owners of the Company							
Share capital	25	67,147,926	67,147,926	67,147,926	67,147,926	67,147,926	67,147,926
Treasury shares	26	(24,853,005)	(24,740,592)	(9,011,258)	(24,853,005)	(24,740,592)	(9,011,258)
Reserves	27	152,159,024	129,885,843	107,573,955	22,945,052	25,730,128	46,602,253
Total equity		194,453,945	172,293,177	165,710,623	65,239,973	68,137,462	104,738,921

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 2018

Group					Attributable to owners of the Company		
	Equity, total	Share capital (Note 25)	Treasury shares (Note 26)	Reserves, total	Revenue reserve	Statutory reserve fund (Note 27b)	Foreign currency translation reserve (Note 27a)
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
2018							
Opening balance at 1 January 2018 (FRS framework)	166,334,564	67,147,926	(24,740,592)	123,927,230	98,285,824	26,299,225	(657,819)
Cumulative effects of adopting SFRS(I)	5,958,613	–	–	5,958,613	5,958,613	–	–
Opening balance at 1 January 2018 (SFRS(I) framework)	172,293,177	67,147,926	(24,740,592)	129,885,843	104,244,437	26,299,225	(657,819)
Profit for the year	40,458,118	–	–	40,458,118	40,458,118	–	–
Other comprehensive income							
Exchange differences on translating foreign operations	464,007	–	–	464,007	–	–	464,007
Total comprehensive income for the year	40,922,125	–	–	40,922,125	40,458,118	–	464,007
Contributions by and distributions to owners							
Purchase of treasury shares	(112,413)	–	(112,413)	–	–	–	–
Dividends (Note 34)	(18,648,944)	–	–	(18,648,944)	(18,648,944)	–	–
Total contributions by and distributions to owners	(18,761,357)	–	(112,413)	(18,648,944)	(18,648,944)	–	–
Others							
Transfer to statutory reserve fund	–	–	–	–	(1,053,134)	1,053,134	–
Closing balance at 31 December 2018	194,453,945	67,147,926	(24,853,005)	152,159,024	125,000,477	27,352,359	(193,812)

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 2018

Group	Attributable to owners of the Company						
	Equity, total	Share capital (Note 25)	Treasury shares (Note 26)	Reserves, total	Revenue reserve	Statutory reserve fund (Note 27b)	Foreign currency translation reserve (Note 27a)
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
2017							
Opening balance at 1 January 2017 (FRS framework)	160,436,019	67,147,926	(9,011,258)	102,299,351	79,848,062	24,409,012	(1,957,723)
Cumulative effects of adopting SFRS(I)	5,274,604	–	–	5,274,604	5,274,604	–	–
Opening balance at 1 January 2017 (SFRS(I) framework)	165,710,623	67,147,926	(9,011,258)	107,573,955	85,122,666	24,409,012	(1,957,723)
Profit for the year	54,200,253	–	–	54,200,253	54,200,253	–	–
Other comprehensive income							
Exchange differences on translating foreign operations	1,299,904	–	–	1,299,904	–	–	1,299,904
Total comprehensive income for the year	55,500,157	–	–	55,500,157	54,200,253	–	1,299,904
Contributions by and distributions to owners							
Purchase of treasury shares	(15,729,334)	–	(15,729,334)	–	–	–	–
Dividends (Note 34)	(33,188,269)	–	–	(33,188,269)	(33,188,269)	–	–
Total contributions by and distributions to owners	(48,917,603)	–	(15,729,334)	(33,188,269)	(33,188,269)	–	–
Others							
Transfer to statutory reserve fund	–	–	–	–	(1,890,213)	1,890,213	–
Closing balance at 31 December 2017	172,293,177	67,147,926	(24,740,592)	129,885,843	104,244,437	26,299,225	(657,819)

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 2018

Company	Equity, total RMB	Share capital (Note 25) RMB	Treasury shares (Note 26) RMB	Reserves, total RMB	Revenue reserve RMB	Foreign currency translation reserve (Note 27a) RMB
2018						
Opening balance at 1 January 2018	68,137,462	67,147,926	(24,740,592)	25,730,128	26,398,071	(667,943)
Profit for the year	15,399,861	–	–	15,399,861	15,399,861	–
Other comprehensive income						
Exchange differences on translating foreign operations	464,007	–	–	464,007	–	464,007
Total comprehensive income for the year	15,863,868	–	–	15,863,868	15,399,861	464,007
Contributions by and distributions to owners						
Purchase of treasury shares	(112,413)	–	(112,413)	–	–	–
Dividends (Note 34)	(18,648,944)	–	–	(18,648,944)	(18,648,944)	–
Total contributions by and distributions to owners	(18,761,357)	–	(112,413)	(18,648,944)	(18,648,944)	–
Closing balance at 31 December 2018	65,239,973	67,147,926	(24,853,005)	22,945,052	23,148,988	(203,936)

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 2018

Company	Equity, total RMB	Share capital (Note 25) RMB	Treasury shares (Note 26) RMB	Reserves, total RMB	Revenue reserve RMB	Foreign currency translation reserve (Note 27a) RMB
2017						
Opening balance at 1 January 2017	104,738,921	67,147,926	(9,011,258)	46,602,253	48,570,100	(1,967,847)
Profit for the year	11,016,240	–	–	11,016,240	11,016,240	–
Other comprehensive income						
Exchange differences on translating foreign operations	1,299,904	–	–	1,299,904	–	1,299,904
Total comprehensive income for the year	12,316,144	–	–	12,316,144	11,016,240	1,299,904
Contributions by and distributions to owners						
Purchase of treasury shares	(15,729,334)	–	(15,729,334)	–	–	–
Dividends (Note 34)	(33,188,269)	–	–	(33,188,269)	(33,188,269)	–
Total contributions by and distributions to owners	(48,917,603)	–	(15,729,334)	(33,188,269)	(33,188,269)	–
Closing balance at 31 December 2017	68,137,462	67,147,926	(24,740,592)	25,730,128	26,398,071	(667,943)

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 2018

	2018 RMB	2017 RMB
Cash flows from operating activities		
Profit before taxation	65,169,466	82,131,538
Adjustments for:		
Depreciation of property, plant and equipment (Note 8)	12,579,066	10,835,784
Amortisation of intangible assets (Note 9)	477,600	477,600
Impairment on long-term investment	3,800,000	–
Impairment on property, plant and equipment	4,157,713	4,500,000
Impairment on other receivables	2,000,000	–
Impairment on deposits	1,987,800	–
Net gain on disposal of investment in joint venture	(726,064)	–
Net loss on disposal of property, plant and equipment	550	755
(Reversal of)/provision for rent-free incentives and step rental	(522,713)	2,117,763
Write-back of rent-free incentives and step rental provision	(17,033,229)	(9,570,171)
Amortisation of step rental income	(2,769,980)	(1,026,562)
Provision for termination of lease	4,832,367	–
Inventories written (back)/off	(259,108)	103,396
Interest income	(3,514,514)	(4,045,698)
Finance costs	39,583	–
Share of results of joint venture	–	726,064
Share of results of associates	4,902,111	172,680
Operating cash flows before changes in working capital	75,120,648	86,423,149
Decrease in inventories	4,849,376	8,948,609
Decrease in prepayments	9,087,449	3,642,884
Increase in trade and other receivables	(4,301,050)	(7,831,341)
Increase in trade and other payables	9,682,233	5,881,661
Cash flows generated from operation	94,438,656	97,064,962
Interest received	3,514,514	4,045,698
Interest paid	(39,583)	–
Tax paid	(23,035,283)	(19,124,161)
Net cash flows generated from operating activities	74,878,304	81,986,499
Cash flows from financing activities		
Dividends paid (Note 34)	(18,648,944)	(33,188,269)
Purchase of treasury shares	(112,413)	(15,729,334)
Proceeds from loans and borrowings	40,000,000	–
Repayment of loans and borrowings	(40,000,000)	–
Net cash flows used in financing activities	(18,761,357)	(48,917,603)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 8)	(1,916,446)	(129,459,086)
Disposal of/(investment in) a joint venture	2,000,000	(2,000,000)
Investment in associates	(9,500,000)	–
Amount due from an associate	(6,000,000)	(4,200,000)
Bank deposit pledged (Note 22)	(21,100,000)	–
Net cash flows used in investing activities	(36,516,446)	(135,659,086)
Net increase/(decrease) in cash and cash equivalents	19,600,501	(102,590,190)
Effect of exchange rate changes on cash and cash equivalents	825,815	1,356,317
Cash and cash equivalents at beginning of financial year	186,597,945	287,831,818
Cash and cash equivalents at end of financial year (Note 21)	207,024,261	186,597,945

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 2018

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, SBF Center #15-06, 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)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted 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 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those of the previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

SFRS(I) 15 *Revenue from Contracts with Customers (cont'd)*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is in a business of operating and managing a chain of departmental stores in China. The key impact of adopting SFRS(I) 15 is detailed as follows:

(a) ***Customer Loyalty Program***

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

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

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

However, customers may ultimately leave the right to redeem for free gifts from the Group's stores unexercised. This is often referred to as "breakage". Under SFRS(I) 15, the Group estimates the breakage amount of the customer loyalty program based on the historical redemption pattern and recognises this as revenue.

Upon adoption of SFRS(I) 15, the Group derecognised other liabilities of RMB 3,055,697 and deferred tax assets RMB 763,924 on the balance sheet as at 1 January 2017. As a result of these adjustments, reserves as at 1 January 2017 increased by RMB 2,291,773.

The Group's balance sheet as at 31 December 2017 was restated, resulting in decrease of other liabilities RMB 4,488,944, decrease in deferred tax assets of RMB 1,122,236 and a corresponding adjustment to reserves of RMB 3,366,708. The Consolidated Statement of Comprehensive Income for the year ended 31 December 2017 was also restated, resulting in increase in revenue and income tax expense of RMB 1,433,246 and RMB 358,312 respectively.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

SFRS(I) 15 ***Revenue from Contracts with Customers (cont'd)***

(b) ***Sale of Prepaid Cards***

As at 31 December 2018, the Group had RMB 78,614,245 of "advance from customers" classified within "trade and other payables", which were primarily attributable to unutilised balances of prepaid cards sold by the Group's stores. Before the adoption of SFRS(I) 15, the Group recognise revenue from prepaid cards as and when the cards are used by customers to purchase goods or services.

Under SFRS(I) 15, the Group estimates the balances of the prepaid cards sold that may not be or fully redeemed ("breakage") in the future using the average historical utilisation rate of the prepaid cards in the past. Since these balances represent the customers' unexercised right to future goods or services, revenue has been recognised.

Upon adoption of SFRS(I) 15, the Group derecognized RMB 3,977,108 of advances from customer under trade and other payables and recognised deferred tax liabilities of RMB 994,277 on the balance sheet as at 1 January 2017. As a result of these adjustments, reserves as at 1 January 2017 increased by RMB 2,982,831.

The Group's balance sheet as at 31 December 2017 was restated, resulting in decrease of advances from customer under trade and other payables of RMB 3,455,873, increase in deferred tax liabilities of RMB 863,968 and a corresponding adjustment to reserves of RMB 2,591,905. The Consolidated Statement of Comprehensive Income for the year ended 31 December 2017 was also restated, resulting in decrease in revenue and income tax expense of RMB 521,234 and RMB 130,309 respectively.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.2 *First-time adoption of (SFRS(I)) (cont'd)*

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

		Group	
	1 January 2017 (FRS)	**SFRS(I) 15 adjustments**	**1 January 2017 (SFRS(I))**
	RMB	RMB	RMB
Non-current assets			
Deferred tax assets	14,183,612	(763,924)	13,419,688
Other non-current assets	84,332,782	–	84,332,782
	98,516,394	(763,924)	97,752,470
Current assets	463,098,660	–	463,098,660
Less: Current liabilities			
Trade and other payables	303,504,434	(3,977,108)	299,527,326
Other liabilities	27,842,055	(3,055,697)	24,786,358
Other current liabilities	14,963,855	–	14,963,855
	346,310,344	(7,032,805)	339,277,539
Net current assets	116,788,316	7,032,805	123,821,121
Non-current liabilities			
Deferred tax liabilities	4,873,428	994,277	5,867,705
Other non-current liabilities	49,995,263	–	49,995,263
Net assets	160,436,019	5,274,604	165,710,623
Equity attributable to owners of the Company			
Share capital	67,147,926	–	67,147,926
Treasury shares	(9,011,258)	–	(9,011,258)
Reserves	102,299,351	5,274,604	107,573,955
Total equity	160,436,019	5,274,604	165,710,623

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

2.2 *First-time adoption of (SFRS(I)) (cont'd)*

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to the balance sheet of the Group.

	Group		
	31 December 2017 (FRS)	SFRS(I) 15 adjustments	31 December 2017 (SFRS(I))
	RMB	RMB	RMB
Non-current assets			
Deferred tax assets	13,830,383	(1,122,236)	12,708,147
Other non-current assets	200,105,741	–	200,105,741
	213,936,124	(1,122,236)	212,813,888
Current assets	361,202,689	–	361,202,689
Less: Current liabilities			
Trade and other payables	307,912,259	(3,455,873)	304,456,386
Other liabilities	30,826,389	(4,488,944)	26,337,445
Other current liabilities	20,157,531	–	20,157,531
	358,896,179	(7,944,817)	350,951,362
Net current assets	2,306,510	7,944,817	10,251,327
Non-current liabilities			
Deferred tax liabilities	7,365,215	863,968	8,229,183
Other non-current liabilities	42,542,855	–	42,542,855
Net assets	166,334,564	5,958,613	172,293,177
Equity attributable to owners of the Company			
Share capital	67,147,926	–	67,147,926
Treasury shares	(24,740,592)	–	(24,740,592)
Reserves	123,927,230	5,958,613	129,885,843
Total equity	166,334,564	5,958,613	172,293,177

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the comprehensive income the Group for the year ended 31 December 2017.

	2017 (FRS) RMB	**SFRS(I) 15 adjustments** RMB	**2017 (SFRS(I))** RMB
Revenue	971,427,825	912,012	972,339,837
Cost of sales	(680,675,733)	–	(680,675,733)
Gross profit	290,752,092	912,012	291,664,104
Other income	87,681,532	–	87,681,532
Interest income	4,045,698	–	4,045,698
Selling and distribution expenses	(212,161,458)	–	(212,161,458)
Administrative expenses	(88,199,594)	–	(88,199,594)
Profit before tax and share of results of associates	82,118,270	912,012	83,030,282
Share of results of joint venture	(726,064)	–	(726,064)
Share of results of associates	(172,680)	–	(172,680)
Profit before tax	81,219,526	912,012	82,131,538
Income tax expense	(27,703,282)	(228,003)	(27,931,285)
Profit for the year	53,516,244	684,009	54,200,253
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain	1,299,904	–	1,299,904
Other comprehensive income for the year, net of tax	1,299,904	–	1,299,904
Total comprehensive income for the year attributable to the owners of the Company	54,816,148	684,009	55,500,157
Earnings per share (cents per share)			
Basic and diluted	27.81		28.16

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.3 ***Standards issued but not yet effective***

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

Description	***Effective for annual periods beginning on or after***
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(1) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below:

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 on a modified retrospective approach with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

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

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

SFRS(I) 16 *Leases (cont'd)*

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group plans to apply a modified retrospective approach to recognise the right-of-use assets and the lease liabilities, resulting in an increase in EBITDA.

2.4 *Basis of consolidation and business combinations*

(a) ***Basis of consolidation***

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

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

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

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

(b) ***Business combinations and goodwill***

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

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

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

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

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

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

2.5 ***Functional and foreign currency***

(a) ***Functional currency***

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

(b) ***Presentation currency***

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.5 ***Functional and foreign currency (cont'd)***

(c) ***Consolidated financial statements***

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

(d) ***Foreign currency transactions***

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

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

2.6 ***Property, plant and equipment***

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

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

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

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

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

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

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

2.7 ***Intangible assets***

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

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

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

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

Favourable tenancy agreement

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

2.8 ***Impairment of non-financial assets***

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

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

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

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

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

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 ***Joint arrangements***

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

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

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.11.

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.

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

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

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

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

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

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

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

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

2.12 ***Financial instruments***

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.12 ***Financial instruments (cont'd)***

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

Subsequent measurement (cont'd)

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income ("OCI"), changes in fair value are recognised in profit or loss.

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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 2018

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***

(a) ***As lessee***

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

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

2.18 ***Leases (cont'd)***

(a) ***As lessee (cont'd)***

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

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

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.19 ***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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.19 *Revenue (cont'd)*

(d) ***Rental income***

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

(e) ***Dividend income***

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

2.20 *Taxes*

(a) ***Current income tax***

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

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

(b) ***Deferred tax***

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

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

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.20 *Taxes (cont'd)*

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

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(c) ***Sales tax***

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

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

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

2.21 *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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.22 ***Treasury shares***

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

2.23 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.24 ***Segment reporting***

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

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

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

2.25 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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

3.2 *Key sources of estimation uncertainty*

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

Impairment of property, plant and equipment

The Group recognised impairment loss in respect of the property, plant and equipment 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 impairment loss recognised at the end of the reporting period are disclosed in Note 8.

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	
	2018	**2017**
	RMB	RMB
Direct sales	775,034,414	772,708,485
Commission from concessionaire sales	134,946,783	143,473,293
Rental income	42,809,540	41,691,695
Managed rental	14,184,327	14,466,364
	966,975,064	972,339,837

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	
	2018	**2017**
	RMB	RMB
Direct sales	775,034,414	772,708,485
Gross proceeds from concessionaire sales	665,994,053	688,820,193
Rental income	42,809,540	41,691,695
Managed rental	14,184,327	14,466,364
Gross sales proceeds*	1,498,022,334	1,517,686,737

* 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.

4. Revenue (cont'd)

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.

5. Profit before tax

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

	Group	
	2018	**2017**
	RMB	RMB
Inventories written back/(off)	259,108	(103,396)
Other income:		
Advertisement and promotional income	63,063,564	65,795,749
Exchange (loss)/gain, net	(735,999)	202,881
Leisure facilities fees	813,500	432,917
Management fees (Note 30a)	4,924,528	4,929,245
Net gain on disposal of investment in joint venture	726,064	–
Write-back of rent-free incentives and step rental provision	17,033,229	9,570,171

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

5. Profit before tax (cont'd)

	Group	
	2018	**2017**
	RMB	RMB
Selling and distribution expenses:		
Employee benefit expense		
- Defined contribution plans	(12,025,055)	(11,052,521)
- Salaries, wages, bonuses and other costs	(57,296,294)	(62,117,425)
Rental expenses*	(83,930,891)	(88,380,845)
Utilities	(22,646,392)	(27,850,799)
Amortisation of intangible assets (Note 9)	(477,600)	(477,600)
Advertisement and promotion fees	(4,400,177)	(5,200,681)
Impairment loss on financial assets:		
- Other receivables (Note 17)	(2,000,000)	–
- Rental deposits (Note 17)	(1,987,800)	–
Administrative expenses:		
Employee benefit expenses		
- Defined contribution plans	(6,814,809)	(5,943,375)
- Salaries, wages, bonuses and other costs	(55,150,827)	(52,509,412)
Bank charges	(4,540,480)	(4,654,474)
Director fees	(773,916)	(733,875)
Depreciation of property, plant and equipment (Note 8)	(12,579,066)	(10,835,784)
Impairment on long-term investment (Note 13)	(3,800,000)	–
Impairment on property, plant and equipment (Note 8)	(4,157,713)	(4,500,000)
Net loss on disposal of property, plant and equipment	(550)	(755)
Office supplies	(917,214)	(1,124,963)
Provision for termination of lease	(4,832,367)	–
Audit fees:		
- Auditors of the Company	(1,654,345)	(1,595,987)
Non-audit fees:		
- Auditors of the Company	(13,129)	(13,098)

* Inclusive of rental payments of RMB 84,453,604 (2017: RMB 86,263,082) and a straight-line recognition of the lease expenses over the lease term, reversal of provision of rent-free incentives and step rental RMB 522,713 (2017: provision for rent-free incentives and step rent of RMB 2,117,763) respectively.

6. Income tax expense

(a) ***Major components of income tax expense***

The major components of taxation for the years ended 31 December 2018 and 31 December 2017 are:

	Group	
	2018	**2017**
	RMB	RMB
Consolidated income statement:		
Current income tax		
- Current income taxation	20,672,895	23,895,282
Deferred tax expense (Note 14)		
- Origination and reversal of temporary differences	4,038,453	4,036,003
Income tax expense recognised in profit or loss	24,711,348	27,931,285

(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 2018 and 2017 are as follows:

	Group	
	2018	**2017**
	RMB	RMB
Profit before tax	65,169,466	82,131,538
Tax at the domestic rates applicable to profits in the countries where the Group operates	16,897,702	21,064,797
Adjustments:		
Non-deductible expenses	5,741,403	5,305,606
Income not subject to taxation	–	(106,500)
Deferred tax assets not recognised	1,028,231	1,442,050
Share of associate and joint venture loss	1,044,012	224,686
Others	–	646
Tax expenses recognised in profit or loss	24,711,348	27,931,285

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 191,833,004 (2017: 192,448,704).

/ Notes to the Financial Statements

For the financial year ended 31 December 2018

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 2017	3,955,718	17,545,738	525,013	1,102,869	47,450,906	–	70,580,244
Additions	1,452,114	1,013,664	89,905	343,034	6,591,430	119,968,939	129,459,086
Disposals	(15,104)	–	–	–	–	–	(15,104)
Reclassifications	–	(1,256,580)	–	–	1,256,580	–	–
Currency translation	469	187	–	–	–	–	656
At 31 December 2017 and 1 January 2018	5,393,197	17,303,009	614,918	1,445,903	55,298,916	119,968,939	200,024,882
Additions	279,104	1,041,712	–	–	595,630	–	1,916,446
Disposals	(11,000)	–	–	–	–	–	(11,000)
Currency translation	1,485	746	–	–	2,028	–	4,259
At 31 December 2018	5,662,786	18,345,467	614,918	1,445,903	55,896,574	119,968,939	201,934,587
Accumulated depreciation and impairment loss:							
At 1 January 2017	2,997,137	8,517,283	460,096	364,588	12,266,178	–	24,605,282
Depreciation charge for the year	548,861	2,118,496	42,854	321,059	4,287,548	3,516,966	10,835,784
Impairment loss	–	–	–	–	4,500,000	–	4,500,000
Disposals	(14,349)	–	–	–	–	–	(14,349)
Reclassifications	–	(135,900)	–	–	135,900	–	–
Currency translation	301	161	–	–	–	–	462
At December 2017 and 1 January 2018	3,531,950	10,500,040	502,950	685,647	21,189,626	3,516,966	39,927,179
Depreciation charge for the year	709,037	1,959,774	25,879	326,202	3,799,665	5,758,509	12,579,066
Impairment loss	29,143	1,034,384	73,422	–	3,020,764	–	4,157,713
Disposals	(10,450)	–	–	–	–	–	(10,450)
Currency translation	1,090	488	–	–	338	–	1,916
At 31 December 2018	4,260,770	13,494,686	602,251	1,011,849	28,010,393	9,275,475	56,655,424
Net carrying amount :							
At 1 January 2017	958,581	9,028,455	64,917	738,281	35,184,728	–	45,974,962
At 31 December 2017	1,861,247	6,802,969	111,968	760,256	34,109,290	116,451,973	160,097,703
At 31 December 2018	1,402,016	4,850,781	12,667	434,054	27,886,181	110,693,464	145,279,163

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

Company	Electronics	Furniture and fittings	Leasehold improvements	Total
	RMB	RMB	RMB	RMB
Cost :				
At 1 January 2017	32,641	12,661	–	45,302
Additions	2,638	–	–	2,638
Currency translation	469	187	–	656
At 31 December 2017 and 1 January 2018	35,748	12,848	–	48,596
Additions	6,564	9,551	68,763	84,878
Currency translation	1,485	746	2,028	4,259
At 31 December 2018	43,797	23,145	70,791	137,733
Accumulated depreciation :				
At 1 January 2017	21,885	11,347	–	33,232
Depreciation charge for the year	4,239	1,340	–	5,579
Currency translation	301	161	–	462
At 31 December 2017 and 1 January 2018	26,425	12,848	–	39,273
Depreciation charge for the year	4,585	820	11,461	16,866
Currency translation	1,090	488	338	1,916
At 31 December 2018	32,100	14,156	11,799	58,055
Net carrying amount :				
At 1 January 2017	10,756	1,314	–	12,070
At 31 December 2017	9,323	–	–	9,323
At 31 December 2018	11,697	8,989	58,992	79,678

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 of its underperforming stores of RMB 4,157,713 (2017: RMB 4,500,000) in "Administrative expenses" line item of profit or loss for the financial year ended 31 December 2018. The recoverable amount of the property, plant and equipment for these stores are based on its value in use and the discount rate used was 13% (2017: 13%).

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For the financial year ended 31 December 2018

9. Intangible assets

Group	Favourable lease agreements	Goodwill	Total
	RMB	RMB	RMB
Cost :	5,436,000	3,809,553	9,245,553
Accumulated amortisation :			
At 1 January 2017	2,928,000	–	2,928,000
Amortisation during the year	477,600	–	477,600
At 31 December 2017 and 1 January 2018	3,405,600	–	3,405,600
Amortisation during the year	477,600	–	477,600
At 31 December 2018	3,883,200	–	3,883,200
Net carrying amount :			
At 1 January 2017	2,508,000	3,809,553	6,317,553
At 31 December 2017	2,030,400	3,809,553	5,839,953
At 31 December 2018	1,552,800	3,809,553	5,362,353

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

Goodwill arising from the acquisition

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

Amortisation expense

The amortisation of favourable lease agreements is included in selling and distribution expenses line item in the consolidated income statement. The average remaining amortisation period is four years (2017: five years).

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% (2017: 13%) and the forecasted growth rates used to extrapolate the cash flows projections for the remaining lease period is 0% (2017: 4%) till the end of their lease periods.

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

9. Intangible assets (cont'd)

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		
	2018	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB
Shares, at cost	80,023,137	80,023,137	80,023,137
Impairment losses	(31,645,296)	(31,645,296)	(31,645,296)
	48,377,841	48,377,841	48,377,841

Name (Country of incorporation and place of business)	**Principal activities**	**Proportion (%) of ownership interest 31.12.2018**	**31.12.2017**	**1.1.2017**
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	100
Zhongmin Baihui (Nanjing) Commercial Co., Ltd. [2] (People's Republic of China (PRC))	Ownership and operation of department stores	100	100	100
Zhongmin Baihui (Quanzhou) Commercial Management Co., Ltd. [1] (People's Republic of China (PRC))	Ownership, operation and management of a chain of department stores	100	100	100
Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd. (formerly known as Zhongmin Baihui (Fujian) Logistics Co., Ltd.) [1] (People's Republic of China (PRC))	Ownership, operation and management of retail stores	100	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 has ceased operation in financial year ended 31 December 2016. A full impairment was provided in financial year 31 December 2016.

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11. Investment in a joint venture

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB
Shares, at cost	–	2,000,000	–
Share of results of joint venture	–	(726,064)	–
At end of year	–	1,273,936	–

Name (Country of incorporation)	**Principal activities**	**Proportion (%) of ownership interest 31.12.2018**	**31.12.2017**	**1.1.2017**
Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. (formerly known as Changsha Shi Yueshang Commercial Management Co., Ltd.) [1] (People's Republic of China (PRC))	Operation and management of retail malls	–	51	–

[1] Management accounts have been used for the preparation of the consolidated financial statements of the Group.

In 2017, Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. ("CSO") (51% owned by a Group's wholly-owned subsidiary, Zhongmin Baihui (Fujian) Shopping Centre Co., Ltd.), was incorporated. The Group jointly controls the venture with other partner under the contractual agreement that requires unanimous consent for all major decisions over the relevant activities.

In March 2018, the 51% interest in CSO was subsequently transferred to an associate of the Group, Changsha City Shamin Enterprise Management Co., Ltd. for a consideration of RMB 2,000,000.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group in 2017, is as follows:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB
Summarised balance sheet			
Non-current assets	–	473,735	–
Current assets	–	2,024,178	–
Total assets / Net assets	–	2,497,913	–
Proportion of the Group's ownership	–	51%	–
Group's share of net assets	–	1,273,936	–

11. Investment in a joint venture (cont'd)

	Group	
	2018	**2017**
	RMB	RMB
Summarised statement of comprehensive income		
Loss after tax, representing total comprehensive income for the year	–	(1,423,654)

12. Investment in associates

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB
Shares, at cost	36,500,000	27,000,000	27,000,000
Share of results of associates	(7,399,216)	(2,497,105)	(2,324,425)
At end of year	29,100,784	24,502,895	24,675,575

Name (Country of incorporation)	**Principal activities**	**Proportion (%) of ownership interest 31.12.2018**	**31.12.2017**	**1.1.2017**
Held through subsidiaries:				
Citi-Base Commerce Logistics (Xiamen) Co., Ltd. [(1)] (People's Republic of China (PRC))	Property development	30	30	30
Changsha City Shamin Enterprise Management Co., Ltd. [(1)]	Operation and management of retail malls	47.5	–	–
Held by Changsha City Shamin Enterprise Management Co., Ltd.:				
Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. [(1)]	Operation and management of retail malls	51	–	–

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

Citi-Base Commerce Logistics (Xiamen) Co., Ltd., 30% owned by a Group's wholly-owned subsidiary, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd, was incorporated in January 2011.

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 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 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 have commenced operation in 2018.

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12. Investment in associates (cont'd)

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

	Citi-Base Commerce Logistics (Xiamen) Co., Ltd.			**Changsha City Shamin Enterprise Management Co., Ltd.**		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Summarised balance sheet						
Non-current assets	174,388,891	157,031,525	143,434,255	10,426,808	–	–
Current assets	15,256,011	14,192,527	13,335,358	3,105	–	–
Total assets	189,644,902	171,224,052	156,769,613	10,429,913	–	–
Current liabilities	(55,155,996)	(32,547,734)	(14,517,696)	(203)	–	–
Non-current liabilities	(54,000,000)	(57,000,000)	(60,000,000)	–	–	–
Total liabilities	(109,155,996)	(89,547,734)	(74,517,696)	(203)	–	–
Net assets	80,488,906	81,676,318	82,251,917	10,429,710	–	–
Proportion of the Group's ownership	30%	30%	30%	47.5%	–	–
Group's share of net assets	24,146,672	24,502,895	24,675,575	4,954,112	–	–

	Citi-Base Commerce Logistics (Xiamen) Co., Ltd.		**Changsha City Shamin Enterprise Management Co., Ltd.**	
	2018	**2017**	**2018**	**2017**
	RMB	RMB	RMB	RMB
Summarised statement of comprehensive income				
Loss after tax, representing total comprehensive income for the year	(1,187,412)	(575,600)	(9,570,290)	–

13. Long-term investment

A Group's wholly-owned subsidiary, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd entered into a joint venture agreement for an investment of 19% interest in Xiamen Citi-Base Commerce Co., Ltd. in June 2015. The Group does not possess the ability (directly or indirectly) to control or exercise significant influence over its operating and financial decisions. The long-term investment in Xiamen Citi-Base Commerce Co., Ltd. has been fully impaired in 2018 as it has substantially ceased its operation during the financial year. Upon adoption of SFRS(I) 9, the long term investment is classified as fair value through profit or loss.

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14. Deferred tax assets/(liabilities)

	Group					Company		
	Consolidated balance sheet			Consolidated income statement				
	31.12.2018	31.12.2017	1.1.2017	2018	2017	31.12.2018	31.12.2017	1.1.2017
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Deferred tax assets:								
Differences in rent-free incentives and step rental provision	6,246,729	10,635,714	12,498,816	(4,388,986)	(1,863,102)	–	–	–
Differences due to pre-opening expenses	290,913	424,202	557,491	(133,289)	(133,289)	–	–	–
Impairment loss	3,611,378	1,125,000	–	2,486,378	1,125,000	–	–	–
Others	1,875,751	523,231	363,381	1,352,520	159,850	–	–	–
	12,024,771	12,708,147	13,419,688	(683,376)	(711,541)	–	–	–
Deferred tax liabilities:								
Difference arising from the expected remittance of dividend from subsidiary	(8,520,319)	(5,709,801)	(3,364,840)	(2,774,165)	(3,317,530)	(8,520,319)	(5,709,801)	(3,364,840)
Differences in step rental income	(1,840,309)	(1,147,814)	(891,173)	(692,495)	(256,641)	–	–	–
Differences arising from the recognition favourable lease agreements	(388,200)	(507,600)	(627,000)	119,400	119,400	–	–	–
Others	(871,785)	(863,968)	(984,692)	(7,817)	130,309	–	–	9,585
	(11,620,613)	(8,229,183)	(5,867,705)	(3,355,077)	(3,324,462)	(8,520,319)	(5,709,801)	(3,355,255)
Deferred income tax expense				(4,038,453)	(4,036,003)			

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For the financial year ended 31 December 2018

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 interests 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 17,525,734 (2017: RMB 13,413,000) 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 (2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

15. Inventories

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Balance sheet:						
Finished goods (at lower of cost or net realisable value)	100,132,192	104,722,460	113,774,465	–	–	–

	Group	
	2018	2017
	RMB	RMB
Income statement:		
Inventories recognised as an expense in cost of sales	686,680,767	680,675,733
Inclusive of the following charge:		
Inventories written (back)/off	(259,108)	103,396

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amount in 2018.

Included in the inventories is RMB 38,673,400 (2017: RMB 46,430,035) of gold. The gold relates to gold jewellery.

16. Prepayments

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Prepaid rent	3,466,816	11,399,049	12,234,280	–	–	–
Advance payments for property, plant and equipment	91,130	–	956,529	–	–	–
Advance payments to suppliers	2,107,138	4,794,191	5,358,464	–	–	–
Other prepayments	3,749,185	2,307,575	3,593,630	26,151	23,873	45,795
	9,414,269	18,500,815	22,142,903	26,151	23,873	45,795

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17. Trade and other receivables

	Group			Company		
	31.12.2018 RMB	**31.12.2017** RMB	**1.1.2017** RMB	**31.12.2018** RMB	**31.12.2017** RMB	**1.1.2017** RMB
Current:						
Trade receivables	1,983,931	969,579	756,290	–	–	–
Rental deposits *	21,349,656	21,652,539	21,651,880	80,179	45,260	44,601
Other deposits #	93,269	61,000	96,000	2,269	–	–
Other receivables ##	7,997,468	8,792,019	6,137,326	–	946	–
	31,424,324	31,475,137	28,641,496	82,448	46,206	44,601
Non-current:						
Other receivables	1,000,000	–	–	–	–	–
Add:						
Amount due from a subsidiary (Note 18)	–	–	–	25,500,000	–	–
Amount due from an associate (Note 19)	14,400,000	8,400,000	4,200,000	–	–	–
Amount due from related parties (Note 20)	10,873,055	11,506,332	6,507,978	–	–	–
Cash and cash equivalents (Note 21)	207,024,261	186,597,945	287,831,818	2,174,599	27,829,375	61,275,846
Restricted cash (Note 22)	21,100,000	–	–	–	–	–
Total loans and receivables (current and non-current)	285,821,640	237,979,414	327,181,292	27,757,047	27,875,581	61,320,447

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

Net of impairment of RMB 1,987,000.

Net of impairment of RMB 2,000,000.

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.

17. Trade and other receivables (cont'd)

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 2018	–	–
Charge for the year	1,987,000	2,000,000
At 31 December 2018	1,987,000	2,000,000

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 the banks, (ii) amount due from long term investment which is repayable upon demand and (iii) recoverable from staff and supplier.

18. Amount due from a subsidiary

		Company	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB
Amount due from a subsidiary (non-trade)	25,500,000	–	–

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

19. Amount due from an associate

		Group			Company	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Amount due from an associate (non-trade)	14,400,000	8,400,000	4,200,000	–	–	–

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

20. Amount due from/due to related parties

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Amount due from a related party (trade) *	850,116	321,324	321,324	–	–	–
Amount due from a related party (non-trade) *	10,022,939	11,185,008	6,186,654	–	–	–
	10,873,055	11,506,332	6,507,978	–	–	
Amount due to related parties (trade) *	20,369	730,017	1,307,899	–	–	–
Amount due to related parties (non-trade) *	3,842,032	714,467	714,467	–	–	–
	3,862,401	1,444,484	2,022,366	–	–	–

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

21. Cash and cash equivalents

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Cash and short-term deposits	207,024,261	186,597,945	287,831,818	2,174,599	27,829,375	61,275,846

Bank balances earn interests at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods from one to six months, depending on the immediate cash requirements, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group and the Company were 0.30% (2017: 0.30%) and 0.87% (2017: 0.78%) respectively.

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

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
United States Dollars	13	13	13	–	–	–

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22. Restricted cash

Short-term deposits of RMB 21,100,000 (2017: Nil) are pledged to a bank for facilities granted to an associate.

23. Trade and other payables

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Trade:						
External parties	207,788,831	214,010,280	215,208,204	–	–	–
Other payables	96,348,459	90,446,106	84,319,122	979	825	907
	304,137,290	304,456,386	299,527,326	979	825	907
Add:						
Accrued operating expenses (Note 24)	38,840,015	26,337,445	24,786,358	2,479,414	2,438,530	1,661,070
Amount due to related parties (Note 20)	3,862,401	1,444,484	2,022,366	–	–	–
Less:						
Advances from customers	(78,614,245)	(74,154,878)	(68,418,558)	–	–	–
Total financial liabilities carried at amortised cost	268,225,461	258,083,437	257,917,492	2,480,393	2,439,355	1,661,977

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

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24. Other assets/(liabilities)

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RMB	RMB	RMB	RMB	RMB	RMB
Non-current:						
Rent-free incentives and step rental provision	7,361,234	4,591,254	3,564,692	–	–	–
Current:						
Accrued operating expenses	(38,840,015)	(26,337,445)	(24,786,358)	(2,479,414)	(2,438,530)	(1,661,070)
Non-current:						
Rent-free incentives and step rental provision	(24,986,913)	(42,542,855)	(49,995,263)	–	–	–
	(63,826,928)	(68,880,300)	(74,781,621)	(2,479,414)	(2,438,530)	(1,661,070)

25. Share capital

	Group and Company					
	31.12.2018		**31.12.2017**		**1.1.2017**	
	No. of shares	**RMB**	**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	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.

26. Treasury shares

	Group and Company					
	31.12.2018		31.12.2017		1.1.2017	
	No. of shares	RMB	No. of Shares	RMB	No. of Shares	RMB
At 1 January	4,468,300	24,740,592	1,544,700	9,011,258	–	–
Acquired during the financial year	26,000	112,413	2,923,600	15,729,334	1,544,700	9,011,258
At 31 December	4,494,300	24,853,005	4,468,300	24,740,592	1,544,700	9,011,258

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

The Company acquired 26,000 (2017: 2,923,600) shares in the Company through purchase on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was RMB 112,412 (2017: RMB 15,729,334) and this was presented as a component within shareholders' equity.

27. 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.

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28. Employee benefits

	Group	
	2018	2017
	RMB	RMB
Employee benefits expenses (including directors)		
Salaries and bonuses	112,447,121	114,626,837
Defined contribution plans	18,839,864	16,995,896
	131,286,985	131,622,733

29. Operating lease commitments – as lessee

The Group leases certain properties from non-related parties under non-cancellable operating lease agreements which do not have any purchase options and expire at various dates till 29 Sep 2031 with renewal rights and contain provision for rental adjustments. There are no restrictions placed upon the lessee by entering into these leases.

Minimum lease payments recognised in profit or loss for the financial year ended 31 December 2018 amounted to RMB 83,930,891 (2017: RMB 88,380,845).

Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2018	2017	2018	2017
	RMB	RMB	RMB	RMB
No later than one year	83,314,365	86,343,369	343,164	70,301
Later than one year but no later than five years	238,488,102	216,823,095	486,149	–
Later than five years	100,257,484	160,159,932	–	–
	422,059,951	463,326,396	829,313	70,301

30. 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	
	2018	**2017**
	RMB	RMB
Concessionaire income from a company in which Directors have an interest	1,675,438	1,788,845
Advertisement income received from companies in which Directors have an interest	202,503	480,000
Management fees from a company in which Directors have an interest	4,924,528	4,929,245
Rental expense to companies in which Directors have an interest	5,112,891	7,859,544
Write-back of rent-free incentives and step rental provision to companies in which Directors have an interest	–	9,570,171
Payment to a company in which the Directors have an interest, for acquisition of property (inclusive of value added tax)	–	122,236,128

(b) ***Compensation of key management personnel***

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RMB	RMB	RMB	RMB
Short-term employee benefits	5,940,484	5,601,003	3,200,484	3,057,813
Defined contribution plans	256,135	259,660	226,767	226,503
	6,196,619	5,860,663	3,427,251	3,284,316
Comprise amounts paid to:				
Directors of the Company	4,389,822	3,879,189	2,335,579	2,244,796
Other key management personnel	1,806,797	1,981,473	1,091,672	1,039,519
	6,196,619	5,860,662	3,427,251	3,284,315

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For the financial year ended 31 December 2018

31. 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.

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

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

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

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 12-month ECL and determined that the ECL is insignificant.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in. Information regarding loss allowance movement of rental deposits and other receivables are disclosed in Note 17 (Trade and other receivables).

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.

(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.

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

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets 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**	**One to five years**	**Total**
	RMB	RMB	RMB
2018			
Financial assets:			
Trade and other receivables	9,981,399	1,000,000	10,981,399
Deposits	21,442,925	–	21,442,925
Amount due from an associate	14,400,000	–	14,400,000
Amount due from related parties	10,873,055	–	10,873,055
Restricted cash	21,100,000	–	21,100,000
Cash and cash equivalents	207,024,261	–	207,024,261
Total undiscounted financial assets	284,821,640	1,000,000	285,821,640
Financial liabilities:			
Trade and other payables	225,523,045	–	225,523,045
Accrued operating expenses	38,840,015	–	38,840,015
Amount due to related parties	3,862,401	–	3,862,401
Total undiscounted financial liabilities	268,225,461	–	268,225,461
Total net undiscounted financial assets	16,596,179	1,000,000	17,596,179
31 December 2017			
Financial assets:			
Trade and other receivables	9,761,598	–	9,761,598
Deposits	21,713,539	–	21,713,539
Amount due from an associate	8,400,000	–	8,400,000
Amount due from related parties	11,506,332	–	11,506,332
Cash and cash equivalents	186,597,945	–	186,597,945
Total undiscounted financial assets	237,979,414	–	237,979,414
Financial liabilities:			
Trade and other payables	230,301,508	–	230,301,508
Accrued operating expenses	26,337,445	–	26,337,445
Amount due to related parties	1,444,484	–	1,444,484
Total undiscounted financial liabilities	258,083,437	–	258,083,437
Total net undiscounted financial liabilities	(20,104,023)	–	(20,104,023)

31. 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	One to five years RMB	Total RMB
1 January 2017			
Financial assets:			
Trade and other receivables	6,893,616	–	6,893,616
Deposits	21,747,880	–	21,747,880
Amount due from an associate	4,200,000	–	4,200,000
Amount due from related parties	6,507,978	–	6,507,978
Cash and cash equivalents	287,831,818	–	287,831,818
Total undiscounted financial assets	327,181,292	–	327,181,292
Financial liabilities:			
Trade and other payables	231,108,768	–	231,108,768
Accrued operating expenses	24,786,358	–	24,786,358
Amount due to related parties	2,022,366	–	2,022,366
Total undiscounted financial liabilities	257,917,492	–	257,917,492
Total net undiscounted financial assets	69,263,800	–	69,263,800

Company	One year or less RMB	One to five years RMB	Total RMB
2018			
Financial assets:			
Trade and other receivables	–	–	–
Deposits	82,448	–	82,448
Amount due from a subsidiary	25,500,000	–	25,500,000
Cash and cash equivalents	2,174,599	–	2,174,599
Total undiscounted financial assets	27,757,047		27,757,047
Financial liabilities:			
Trade and other payables	979	–	979
Accrued operating expenses	2,479,414	–	2,479,414
Total undiscounted financial liabilities	2,480,393	–	2,480,393
Total net undiscounted financial assets	25,276,654	–	25,276,654

31. 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**	**One to five years**	**Total**
	RMB	RMB	RMB
31 December 2017			
Financial assets:			
Trade and other receivables	946	–	946
Deposits	45,260	–	45,260
Cash and cash equivalents	27,829,375	–	27,829,375
Total undiscounted financial assets	27,875,581	–	27,875,581
Financial liabilities:			
Trade and other payables	825	–	825
Accrued operating expenses	2,438,530	–	2,438,530
Total undiscounted financial liabilities	2,439,355	–	2,439,355
Total net undiscounted financial assets	25,436,226	–	25,436,226

Company	**One year or less**	**One to five years**	**Total**
	RMB	RMB	RMB
1 January 2017			
Financial assets:			
Deposits	44,601	–	44,601
Cash and cash equivalents	61,275,846	–	61,275,846
Total undiscounted financial assets	61,320,447	–	61,320,447
Financial liabilities:			
Trade and other payables	907	–	907
Accrued operating expenses	1,661,070	–	1,661,070
Total undiscounted financial liabilities	1,661,977	–	1,661,977
Total net undiscounted financial assets	59,658,470	–	59,658,470

32. Fair values of assets and liabilities

(a) *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 that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company have no financial assets and liabilities measured at fair value at 31 December 2018, 31 December 2017 and 1 January 2017.

(b) *Assets not measured at fair value, for which fair value is disclosed*

	2018		2017	
	Carrying Amount	**Fair Value Amount**	**Carrying Amount**	**Fair Value Amount**
	RMB	RMB	RMB	RMB
Assets:				
Long-term investment	–	*	3,800,000	*

* Investment in long-term investment carried at cost

Fair value information has not been disclosed for the Company's long-term investment that are carried at cost because fair value cannot be measured reliably. Long-term investment represent 19% interest in Xiamen Citi-Base Commerce Co., Ltd that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The long-term investment in Xiamen Citi-Base Commerce Co., Ltd. is fully impaired in 2018 as it has substantially ceased its operation during the financial year.

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33. 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 2018 and 31 December 2017.

As disclosed in Note 27(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 2018 and 31 December 2017.

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

34. Dividends

	Group and Company	
	2018	**2017**
	RMB	RMB
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2017: SGD 1.0 cent (2016: 2.0 cents) per share*	9,124,075	19,050,071
- Interim exempt (one-tier) dividend for 2018: SGD 1.0 cent (2017: 1.5 cent) per share	9,524,869	14,138,198
	18,648,944	33,188,269
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2018: SGD 1.5 cent (2017: SGD 1.0 cent) per share	14,509,708	9,337,075

* The difference between the dividend declared at the end of the financial year 2017 and the actual dividend paid in the financial year 2018 was due to translation differences.

35. Authorisation of financial statements for issue

The audited financial statements for financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 27 March 2019.

Statistics of Shareholdings

As at 11 March 2019

Issue and fully paid-up capital	:	SGD 13,620,000
Number of shares (excluding treasury shares)	:	191,825,700
Number of treasury shares held	:	4,494,300
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	33	12.31	26,900	0.01
1,001 - 10,000	91	33.96	533,900	0.28
10,001 - 1,000,000	127	47.39	19,441,800	10.14
1,000,001 AND ABOVE	17	6.34	171,823,100	89.57
TOTAL	**268**	**100.00**	**191,825,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LEE SWEE KENG	48,290,700	25.17
2	CHEN KAITONG	47,400,680	24.71
3	SU CAIYE	24,040,700	12.53
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	8,664,100	4.52
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	4,637,900	2.42
9	DBS NOMINEES (PRIVATE) LIMITED	3,948,400	2.06
10	LIM CHIN KEONG JASON	3,300,000	1.72
11	CITIBANK NOMINEES SINGAPORE PTE. LTD.	3,299,100	1.72
12	LINGCO HOLDINGS PTE LTD	2,500,000	1.30
13	SEAH CONSTRUCTION PTE LTD	2,000,000	1.04
14	WEE CHOO CHUAN	2,000,000	1.04
15	SIA LING SING	1,585,500	0.83
16	LINGCO MARINE PTE LTD	1,500,000	0.78
17	CHUA KIAN LIN	1,160,000	0.60
18	LIM SOO SENG & SONS (PTE) LTD	1,000,000	0.52
19	SEAH CHONG POK	1,000,000	0.52
20	TAN KHENG SOON	1,000,000	0.52
	TOTAL	**174,823,100**	**91.13**

Statistics of Shareholdings

As at 11 March 2019

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 11 March 2019)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lee Swee Keng	48,290,700	25.17	–	–
Chen Kaitong	47,400,680	24.71	–	–
Su Caiye	24,040,700	12.53	–	–

FREE FLOAT

Based on the information available to the Company as at 11 March 2019, approximately 33.88% 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.

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of Zhongmin Baihui Retail Group Ltd. (the "**Company**") will be held at Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513, on Friday, 26 April 2019 at 9:30 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 2018 together with the Directors' Statement and Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 1.5 Singapore cents per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To approve the payment of S$154,000.00 as Directors' fees for the financial year ended 31 December 2018. **(Resolution 3)**

4. To re-appoint Ms Goh Poh Kee as a Director pursuant to Paragraph 9(b) of Appendix 2.2 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). **(Resolution 4)**

   [See Explanatory Note 1]

5. To re-elect the following Directors retiring pursuant to Regulation 104 of the Company's Constitution[1]:

   (a) Mr Lee Swee Keng (Regulation 104) **(Resolution 5)**
   (b) Mr Andrew Lim Kok-Kin (Regulation 104) **(Resolution 6)**
   (c) Mr Koh Lian Huat (Regulation 104) **(Resolution 7)**

   [See Explanatory Note 2]

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. <u>General authority to issue and allot shares</u>

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

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(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 general meeting) this authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 9)**

[See Explanatory Note 3]

9. 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:

(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 authorizing 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;

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"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding applicable brokerage, stamp duties, goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five market days;

"**Highest Last Dealt Price**" means the higher price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(D) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **(Resolution 10)**

By Order of the Board

Chia Foon Yeow
Company Secretary

9 April 2019

Explanatory Notes:

1. Ms Goh Poh Kee will, upon re-appointment, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Ms Goh Poh Kee to be independent for the purpose of Rule 704(8) of the Listing Manual.

2. Mr Lee Swee Keng will, upon re-election, remain as Executive Chairman of the Company.

   Mr Andrew Lim Kok-Kin will, upon re-election, remain as Executive Director of the Company.

   Mr Koh Lian Huat will, upon re-election, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. The Board considers Mr Koh Lian Huat to be independent for the purpose of Rule 704(8) of the Listing Manual.

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

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年度股东大会通告

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

Ordinary Resolution 10, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of the next annual general meeting, to issue and allot Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may issue and allot under this Resolution, shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the "Act"), a member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him/her.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

4. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

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

6. The instrument appointing a proxy must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Meeting.

Personal Data Privacy:

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

Additional Information on Directors Standing For Election 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 SGX-ST, we set out below the additional information on Ms Goh Poh Kee, who is standing for election as a Director for the first time at the forthcoming Annual General Meeting, and Mr Kee Swee Keng, Mr Andrew Lim Kok-Kin, and Mr Koh Lian Huat, all of whom are seeking re-appointment as Directors at the forthcoming Annual General Meeting. The information shall be read in conjunction with their respective biographies on pages 17 to 18 of the Company's annual report for the financial year ended 31 December 2018.

	Ms Goh Poh Kee	**Mr Lee Swee Keng**	**Mr Andrew Lim Kok-Kin**	**Mr Koh Lian Huat**
Date of Appointment	31 December 2018	17 September 2004	1 January 2012	20 December 2010
Date of last re-appointment	N.A.	26 April 2017	26 April 2017	26 April 2017
Age	52	59	55	78
Country of Principal Residence	Singapore	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 Ms Goh as an Independent Director of the Company. On the recommendation of the NC and having considered the strength of her calibre and experience, the Board of Directors is of the view that the Company will be able to leverage on Ms Goh's qualifications and accounting expertise, and that the appointment of Ms Goh as an Independent Director will be beneficial to the Board and to the Company. Ms Goh has abstained from the deliberation of the NC as well as that of the Board pertaining to her re-appointment.	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 Mr Lim as an Executive Director 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 Lim has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.	The re-election of Mr Koh as a Lead Independent Director 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 Koh has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.

	Ms Goh Poh Kee	Mr Lee Swee Keng	Mr Andrew Lim Kok-Kin	Mr Koh Lian Huat
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive	Executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-executive Director, Chairman of Nominating Committee, and a Member of Audit Committee and Remuneration Committee	Executive Chairman	Executive Director and a Member of Nominating Committee	Lead Independent Director, Chairman of Audit Committee, and a Member of the Nominating Committee and Remuneration Committee
Professional qualifications	1. Bachelor of Accountancy degree from NUS 2. Fellow Chartered Accountant of Singapore	Nil	1. B Sc (Hons) (Industrial Engineering) degree from the University of Texas (El Paso) 2. MBA from the University of Texas (Austin)	1. Bachelor of Commerce (Accountancy) from Nanyang University 2. Fellow member of CPA Australia, the Institute of Singapore Chartered Accountants, the ACCA and the Chartered Management Institution (UK)
Working experience and occupation(s) during the past 10 years	Please refer to Ms Goh's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Mr Lee's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Mr Lim's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Mr Koh'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.	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 issuer 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	No
Conflict of interest (including any competing business)	No	No	No	No

	Ms Goh Poh Kee	Mr Lee Swee Keng	Mr Andrew Lim Kok-Kin	Mr Koh Lian Huat
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes	Yes
OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS				
Past (for the last 5 years)	Nil	Hancai Fashion (S) Pte Ltd	1. Azure Capital Pte Ltd 2. SEA Asset Management Pte Ltd	Nil
Present	AboveTrust Partners Pte Ltd	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	Nil	Hock Lian Seng Holdings Limited
(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	No

	Ms Goh Poh Kee	Mr Lee Swee Keng	Mr Andrew Lim Kok-Kin	Mr Koh Lian Huat
(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	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(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	No

	Ms Goh Poh Kee	Mr Lee Swee Keng	Mr Andrew Lim Kok-Kin	Mr Koh Lian Huat
(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	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	No

	Ms Goh Poh Kee	Mr Lee Swee Keng	Mr Andrew Lim Kok-Kin	Mr Koh Lian Huat
(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	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	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	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No

	Ms Goh Poh Kee	Mr Lee Swee Keng	Mr Andrew Lim Kok-Kin	Mr Koh Lian Huat
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	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	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	No

ZHONGMIN BAIHUI RETAIL GROUP LTD.
(Incorporated in the Republic of Singapore)

Important:
This 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 them.

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ______________________________ (Name)

______________________________ (NRIC/Passport No.)

of ______________________________ (Address)

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held at Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513, on Friday, 26 April 2019 at 9:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1.	Adoption of Audited Financial Statements, Directors' Statement and Auditor's Report		
2.	To declare a final one-tier tax exempt dividend of 1.5 Singapore cent per ordinary share for the financial year ended 31 December 2018		
3.	Approval of proposed Directors' Fees of S$154,000 for the financial year ended 31 December 2018		
4.	Re-appointment of Ms Goh Poh Kee as a Director, pursuant to Paragraph 9(b) of Appendix 2.2 of Listing Manual of the Singapore Exchange Securities Trading Limited		
5.	Re-election of Mr Lee Swee Keng as a Director (Regulation 104)		
6.	Re-election of Mr Andrew Lim Kok-Kin as a Director (Regulation 104)		
7.	Re-election of Mr Koh Lian Huat as a Director (Regulation 104)		
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" with a tick (✓) within the box provided.

Dated this day of , 2019.

TOTAL NUMBER OF SHARES IN :	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member(s) or
Duly Authorised Attorney/Officer of Member(s)

(Please see notes overleaf before completing this form)

Notes

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the "**Act**"), a member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

3. A proxy need not be a member of the Company.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

5. This proxy form must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for the Meeting.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

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

/Corporate Information
企业资讯

Board of Directors

Lee Swee Keng
Executive Chairman

Chen Kaitong
Chief Executive Officer

Su Jianli
Deputy CEO

Andrew Lim Kok-Kin
Executive Director

Su Caiye
Non-Executive Director

Koh Lian Huat
Independent Director

Dr Ong Seh Hong
Independent Director

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:
Low Yen Mei
(Appointed since financial year ended 31 December 2015)

Bankers

DBS Bank Ltd.
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