

**Issuer:** Zhongmin Baihui Retail Group Ltd.

**Security:** Zhongmin Baihui Retail Group Ltd.

**Meeting details:**

Date: 26 April 2017

Time: 09:30H

Venue: Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513

**Company Description**

Zhongmin Baihui Retail Group Ltd., an investment holding company, owns, operates, and manages a chain of department stores and supermarkets in the People's Republic of China. As of September 30, 2016, it operated 13 with a total gross floor area of approximately 178,000 square meters. The company offers its merchandise, lifestyle products, and customer-oriented services to middle to high income bracket consumers primarily in Fujian province. It is also involved in leasing of spaces in the department stores. The company was founded in 1997 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5SR](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5SR))

**Q1.** As shown in the Corporate Profile (page 1 of the annual report), the group 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 group’s scale has now increased to 11 self-owned stores and three managed stores spanning an aggregate gross floor area of 182,000 square meters as at 31 December 2016. As disclosed in the Corporate Profile, the group’s strategy is to continue with its expansion through the opening of new stores, acquisitions, joint ventures, and strategic alliance to tap into the rising consumption levels and increased tourist arrivals to Fujian.

- a) **As the group’s core business involves owning, operating and managing physical retail assets, what is management’s assessment of the long term prospects of the retail business?**
- b) **Has the board or management assessed the impact of e-commerce on physical retail in the near future?**
- c) **Can management disclose the sales figures on a same store basis in future reporting to help shareholders better understand the performance of the stores?**

**Q2.** In last year’s annual report, the company said that it chose to de-emphasis sales growth and gross floor area growth, and focus instead on cost and productivity, thereby maximising profit and return on shareholders’ equity. While shareholders are assured to see the Executive Chairman repeat the commitment to profitability this year, shareholders would like to seek more clarity on the business operations and performance. Specifically:

- a) **With the first small store, Quanzhou Wanxiang, opening in January 2016, has management assessed the performance of the group’s new smaller format stores? Has the small store format met management’s expectations? Could this be one of the core drivers of growth for the group?**
- b) **How significant is the supermarket/food business relative to the group’s overall turnover?**
- c) **Can management also update shareholders on the status of its 30% associate, Citi-Base Commerce Logistics (Xiamen) Co.,Ltd., which has developed the logistics centre in the Haicang District?**

**Q3.** In Note 23 (page 82 – Treasury shares), it was disclosed that the company had acquired 1,544,700 shares in the company through purchases on the Singapore Exchange during the financial year. Since the end of the financial year, and up to 20 April, the group has bought back a further 2,580,100 shares in the company. The total number of shares held as treasury shares as at 20 April 2017 is 4,124,800.

In Note 30 (page 89 – Capital management), the group has disclosed that no changes were made in the objectives, policies or processes of its capital management during the financial years ended 31 December 2016 but with the implementation of the share buyback, the group has bought back 4.12 million treasury shares at a cost of more than S\$4.5 million.

- a) **Can the company provide more clarity on the capital management approach, including how the share buyback fits in with the overall capital management approach?**
- b) **Given that the company has demonstrated its intention and ability to pay good dividends in the recent years, would the company consider formalising a dividend policy?**