

ZHONGMIN BAIHUI RETAIL GROUP LTD.
(Company Registration No.: 200411929C)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH AND EIGHTEEN-MONTH ENDED 30 JUNE 2022

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income for the six-month and eighteen-month ended 30 June 2022 (“6M 2022” and “FP 2022” respectively)

	← Group →						
	Six-month ended			Eighteen-month ended 30 June 2022 and twelve-month ended 31 December 2020			
	Note	30/06/2022 Unaudited RMB'000	30/06/2021 Unaudited RMB'000	Change + / (-) %	FP 2022 Unaudited RMB'000	FY 2020 Audited RMB'000	Change + / (-) %
Revenue	6	527,564	557,197	(5.3)	1,597,406	1,230,234	29.8
Cost of sales		<u>(404,699)</u>	<u>(424,030)</u>	(4.6)	<u>(1,225,138)</u>	<u>(946,928)</u>	29.4
Gross profit		122,865	133,167	(7.7)	372,268	283,306	31.4
Other income		37,155	41,949	(11.4)	124,471	94,260	32.1
Interest income		(1,328)	2,218	n.m.	2,454	6,677	(63.2)
Selling and distribution expenses		(101,667)	(103,545)	(1.8)	(313,423)	(199,440)	57.2
Finance costs		(11,725)	(6,820)	71.9	(27,362)	(15,005)	82.4
Administrative expenses		<u>(39,404)</u>	<u>(76,796)</u>	(48.7)	<u>(174,878)</u>	<u>(100,768)</u>	73.5
Profit/(loss) before taxation and share of results of associates and joint ventures		5,896	(9,827)	n.m.	(16,470)	69,030	n.m.
Share of results of joint ventures		(5,554)	(2,688)	(106.6)	(14,347)	(3,978)	(260.7)
Share of results of associates		<u>8,997</u>	<u>7,435</u>	21.0	<u>23,297</u>	<u>12,872</u>	81.0
Profit/(loss) before taxation	7	9,339	(5,080)	n.m.	(7,520)	77,924	n.m.
Income tax expense	8	<u>1,542</u>	<u>(3,230)</u>	147.7	<u>(8,245)</u>	<u>(22,688)</u>	(63.7)
Profit/(Loss) after taxation		<u>10,881</u>	<u>(8,310)</u>	n.m.	<u>(15,765)</u>	<u>55,236</u>	n.m.
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Currency translation (loss)/gain		<u>(1,331)</u>	<u>48</u>	n.m.	<u>(816)</u>	<u>(532)</u>	53.4
Other comprehensive income, net of tax		<u>(1,331)</u>	<u>48</u>	n.m.	<u>(816)</u>	<u>(532)</u>	53.4
Total comprehensive income for the period attributable to the owners of the Company		<u>9,550</u>	<u>(8,262)</u>	n.m.	<u>(16,581)</u>	<u>54,704</u>	n.m.

n.m. – Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		30/06/2022 Unaudited RMB'000	31/12/2020 Audited RMB'000	30/06/2022 Unaudited RMB'000	31/12/2020 Audited RMB'000
Non-current assets					
Property, plant and equipment	9	156,342	151,569	14	29
Right-of-use assets	10	349,393	199,398	484	130
Intangible assets		3,810	3,810	-	-
Investment in subsidiaries		-	-	104,994	63,257
Investment in joint ventures		2,978	8,554	-	-
Investment in associates		76,696	42,568	-	-
Prepayments		-	5,066	-	-
Other receivables		11,314	11,864	67	77
Deferred tax assets		19,912	17,214	1	1
Other assets		3,786	3,786	-	-
		<u>624,231</u>	<u>443,829</u>	<u>105,560</u>	<u>63,494</u>
Current assets					
Inventories		169,749	159,544	-	-
Prepayments		19,274	67,526	31	29
Trade and other receivables		28,181	45,290	39	-
Amount due from a subsidiary		-	-	42,352	65,473
Amount due from an associate		12,900	41,400	-	-
Amount due from a joint venture		193,010	-	-	-
Amount due from related parties		8,099	10,364	-	-
Restricted cash		40,000	-	-	-
Cash and cash equivalents		190,862	324,346	2,724	15,293
		<u>662,075</u>	<u>648,470</u>	<u>45,146</u>	<u>80,795</u>
Less: Current liabilities					
Loans and borrowings	13	138,230	2,572	44,430	2,572
Trade and other payables		470,646	429,703	-	-
Lease liabilities	10	65,051	62,783	254	137
Other liabilities		44,761	38,871	2,739	2,858
Amount due to related parties		23,170	68,885	-	-
Income tax payable		3,057	20,175	-	-
		<u>744,915</u>	<u>622,989</u>	<u>47,423</u>	<u>5,567</u>
Net current (liabilities)/assets		<u>(82,840)</u>	<u>25,481</u>	<u>(2,277)</u>	<u>75,228</u>
Non-current liabilities					
Loans and borrowings	13	21,335	61,620	12,835	61,620
Lease liabilities	10	328,457	180,022	237	-
Deferred tax liabilities		13,441	14,521	9,987	10,821
		<u>363,233</u>	<u>256,163</u>	<u>23,059</u>	<u>72,441</u>
Net assets		<u>178,158</u>	<u>213,147</u>	<u>80,224</u>	<u>66,281</u>
Equity attributable to the holders of the Company					
Share capital	11	67,148	67,148	67,148	67,148
Treasury shares		(25,093)	(25,031)	(25,093)	(25,031)
Statutory common reserve		37,891	32,796	-	-
Currency translation reserve		(1,106)	(290)	(1,116)	(299)
Revenue reserve		99,318	138,524	39,285	24,463
Total equity		<u>178,158</u>	<u>213,147</u>	<u>80,224</u>	<u>66,281</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Group →			
	Six-month ended		Eighteen-month ended	Twelve-month ended
	30/06/2022 Unaudited RMB'000	30/06/2021 Unaudited RMB'000	30/06/2022 Unaudited RMB'000	31/12/2020 Audited RMB'000
Cash flows from operating activities				
Profit/(loss) before taxation	9,339	(5,080)	(7,520)	77,924
Adjustments for:				
Depreciation of property, plant and equipment	6,574	5,981	19,121	12,284
Depreciation of right-of-use assets	33,723	32,681	95,391	66,641
Impairment on property, plant and equipment	2,960	-	2,960	-
Impairment (reversal)/charge on right-of-use assets	(28,400)	28,400	-	6,151
Net gain on disposal of property, plant and equipment	(358)	-	(363)	(6)
Amortisation of step rental income	-	-	-	132
Accrued step rental income written off	-	-	-	822
Provision for termination of lease	17,146	-	17,146	-
Reversal of provision for termination of lease	-	-	(1,762)	-
Inventories written (back)/off	(59)	95	66	(305)
Rent concession	-	-	-	(7,110)
Interest income	1,328	(2,218)	(2,454)	(6,677)
Finance costs	11,725	6,820	27,362	15,005
Share of results of joint ventures	5,554	2,688	14,347	3,978
Share of results of associates	(8,997)	(7,435)	(23,297)	(12,872)
Unrealised exchange difference	889	(1,554)	(1,408)	(1,490)
Operating cash flows before changes in working capital	51,424	60,378	139,589	154,477
(Increase)/decrease in inventories	(12,537)	4,308	(10,271)	(41,435)
Decrease/(increase) in prepayments	20,301	39,160	48,252	(53,570)
(Increase)/decrease in trade and other receivables	(5,807)	38,340	4,334	(29,067)
Increase/(decrease) in trade and other payables	58,479	(69,088)	(623)	110,999
Cash flows generated from operation	111,860	73,098	181,281	141,404
Interest received	(1,603)	1,870	1,527	5,380
Interest paid	(2,282)	-	(2,652)	-
Tax paid	(8,953)	(17,680)	(28,863)	(13,444)
Net cash flows generated from operating activities	99,022	57,288	151,293	133,340
Cash flows from financing activities				
Dividends paid	-	-	(18,346)	(24,059)
Interest on lease liabilities paid	(6,319)	(5,272)	(18,356)	(13,034)
Interest paid on loans and bonds	(1,052)	(1,561)	(4,138)	(1,587)
Purchase of treasury shares	-	-	(62)	(178)
Proceeds from loans and borrowings	28,500	-	103,300	65,010
Repayment of loans and borrowings	(3,380)	-	(6,268)	-
Repayment of lease liabilities	(24,756)	(40,052)	(94,026)	(68,897)
Bank deposit pledged	-	-	(40,000)	-
Net cash flows used in financing activities	(7,007)	(46,885)	(77,896)	(42,745)
Cash flows from investing activities				
Dividend received	8,384	-	24,569	4,051
Purchases of property, plant and equipment	(3,162)	(10,527)	(21,964)	(14,148)
Investment in joint ventures	-	(6,870)	(8,770)	(9,000)
Investment in associates	(3,000)	-	(6,900)	-
Amount due from associates	-	(1,500)	-	(11,700)
Amount due from a joint venture	(62,010)	(35,000)	(193,010)	-
Prepayments	-	-	-	(5,066)
Proceeds from disposal of property, plant and equipment	600	-	609	15
Bank deposit pledged	-	-	-	10,000
Net cash flows used in investing activities	(59,188)	(53,897)	(205,466)	(25,848)
Net increase/(decrease) in cash and cash equivalents	32,827	(43,494)	(132,069)	64,747
Effect of exchange rate changes on cash and cash equivalents	(697)	(565)	(1,415)	(442)
Cash and cash equivalents at beginning of financial period	158,732	324,346	324,346	260,041
Cash and cash equivalents at end of financial period	190,862	280,287	190,862	324,346
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:				
Cash on hand	4,851	5,021	4,851	2,955
Bank balances	186,011	275,266	186,011	321,391
	190,862	280,287	190,862	324,346

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company					Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Statutory common reserve RMB'000	
Group						
Balance at 1 January 2022, as previously reported	67,148	(25,093)	225	88,437	37,891	168,608
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(1,331)	-	-	(1,331)
Profit for the period	-	-	-	10,881	-	10,881
Total comprehensive income for the period	-	-	(1,331)	10,881	-	9,550
Balance at 30 June 2022	67,148	(25,093)	(1,106)	99,318	37,891	178,158
Balance at 1 January 2021, as previously reported	67,148	(25,031)	(290)	138,524	32,796	213,147
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(816)	-	-	(816)
Loss for the period	-	-	-	(15,765)	-	(15,765)
Transfer to statutory common reserve	-	-	-	(5,095)	5,095	-
Total comprehensive income for the period	-	-	(816)	(20,860)	5,095	(16,581)
Purchase of treasury shares	-	(62)	-	-	-	(62)
Dividends paid	-	-	-	(18,346)	-	(18,346)
Balance at 30 June 2022	67,148	(25,093)	(1,106)	99,318	37,891	178,158

Attributable to equity holders of the Company

	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Statutory common reserve RMB'000	Total equity RMB'000
Group						
Balance at 1 January 2021	67,148	(25,031)	(290)	138,524	32,796	213,147
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	48	-	-	48
Loss for the period	-	-	-	(8,310)	-	(8,310)
Transfer to statutory common reserve	-	-	-	-	-	-
Total comprehensive income for the period	-	-	48	(8,310)	-	(8,262)
Balance at 30 June 2021	67,148	(25,031)	(242)	130,214	32,796	204,885
Balance at 1 January 2020	67,148	(24,853)	242	112,791	27,352	182,680
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(532)	-	-	(532)
Profit for the period	-	-	-	55,236	-	55,236
Transfer to statutory common reserve	-	-	-	(5,444)	5,444	-
Total comprehensive income for the period	-	-	(532)	49,792	5,444	54,704
Purchase of treasury shares	-	(178)	-	-	-	(178)
Dividends paid	-	-	-	(24,059)	-	(24,059)
Balance at 31 December 2020	67,148	(25,031)	(290)	138,524	32,796	213,147

Attributable to equity holders of the Company

	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Total equity RMB'000
Company					
Balance at 1 January 2022, as previously reported	67,148	(25,093)	215	5,569	47,839
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(1,331)	-	(1,331)
Profit for the period	-	-	-	33,716	33,716
Total comprehensive income for the period	-	-	(1,331)	33,716	32,385
Balance at 30 June 2022	67,148	(25,093)	(1,116)	39,285	80,224
Balance at 1 January 2021, as previously reported	67,148	(25,031)	(299)	24,463	66,281
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(817)	-	(817)
Profit for the period	-	-	-	33,168	33,168
Total comprehensive income for the period	-	-	(817)	33,168	32,351
Purchase of treasury shares	-	(62)	-	-	(62)
Dividends paid	-	-	-	(18,346)	(18,346)
Balance at 30 June 2022	67,148	(25,093)	(1,116)	39,285	80,224

	Attributable to equity holders of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Total equity RMB'000
Company					
Balance at 1 January 2021	67,148	(25,031)	(299)	24,463	66,281
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	48	-	48
Profit for the period	-	-	-	4,861	4,861
Total comprehensive income for the period	-	-	48	4,861	4,909
Balance at 30 June 2021	67,148	(25,031)	(251)	29,324	71,190
Balance at 1 January 2020	67,148	(24,853)	232	18,091	60,618
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(531)	-	(531)
Profit for the period	-	-	-	30,431	30,431
Total comprehensive income for the period	-	-	(531)	30,431	29,900
Purchase of treasury shares	-	(178)	-	-	(178)
Dividends paid	-	-	-	(24,059)	(24,059)
Balance at 31 December 2020	67,148	(25,031)	(299)	24,463	66,281

Notes to the condensed interim financial statements

1. Corporate information

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are ownership, operation and management of a chain of department stores and retail stores.

2. Basis of preparation

The condensed interim financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS (I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year, except for the adoption of SFRS(I) that are mandatory for financial year beginning on or after 1 January 2021. The adoption of these SFRS(I) did not have any material effect on the financial performance or position of the Group.

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

3. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4. Seasonal operations

The Group's operations are not affected significantly by seasonal or cyclical factors during the financial period.

5. Segment information

No segment reporting is reported as the business operations of the Group are solely in the retail industry in China.

6. Revenue

The Group's revenue represents the net amount received and receivable for goods sold by direct sales, commission from concessionaire sales, rental income and income from managed rental. An analysis of the Group's revenue for the financial period is as follows:

	← Group →					
	Six-month ended		Change	Eighteen-month ended	Twelve-month ended	Change
	30/06/2022	30/06/2021	+ / (-)	30/06/2022	31/12/2020	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue:						
- Direct sales	458,041	477,777	(4.1)	1,380,438	1,076,794	28.2
- Commission from concessionaire sales	48,943	55,304	(11.5)	149,011	103,593	43.8
- Rental income	16,521	19,848	(16.8)	55,792	37,145	50.2
- Managed rental	4,059	4,268	(4.9)	12,165	12,702	(4.2)
	<u>527,564</u>	<u>557,197</u>	(5.3)	<u>1,597,406</u>	<u>1,230,234</u>	29.8
Gross revenue from concessionaire sales	<u>263,645</u>	<u>294,645</u>	(10.5)	<u>810,705</u>	<u>544,937</u>	48.8
Gross sales proceeds*	<u>742,266</u>	<u>796,538</u>	(6.8)	<u>2,259,100</u>	<u>1,671,578</u>	35.1

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

7. Profit/(loss) before taxation

	← Group →					
	Six-month ended		Change + / (-) %	Eighteen-month ended	Twelve-month ended	Change + / (-) %
	30/6/2022 RMB'000	30/6/2021 RMB'000		30/6/2022 RMB'000	31/12/2020 RMB'000	
Profit/(loss) before tax is arrived at after (charging)/crediting the following:						
Inventories written back/(off)	59	(95)	n.m.	(66)	305	n.m.
Other income:						
Advertisement and promotion fees	26,123	34,069	(23.3)	95,667	64,047	49.4
Exchange (loss)/gain	(547)	1,439	n.m.	1,527	2,251	(32.2)
Job support grant	-	47	n.m.	46	5,180	(99.1)
Leisure facilities charges	519	710	(26.9)	1,825	1,131	61.4
Management fees	2,448	2,448	0.0	7,373	4,718	56.3
Government subsidy'	5,000	-	n.m.	5,000	-	n.m.
Net gain on disposal of property, plant and equipment	358	-	n.m.	363	6.00	n.m.
Rent concession	-	-	n.m.	-	7,110	n.m.
Reversal of provision for termination of lease	-	-	n.m.	1,762	-	n.m.
Selling and distribution expenses:						
Employee benefit expenses						
- Defined contribution plans	(2,805)	(5,087)	(44.9)	(13,177)	(8,175)	61.2
- Salaries, wages, bonuses and other costs	(37,008)	(36,391)	1.7	(110,887)	(69,213)	60.2
Rental expenses	(17)	-	n.m.	(2,257)	(1,474)	53.1
Utilities	(11,583)	(10,656)	8.7	(35,684)	(20,808)	71.5
Advertisement and promotion fees	(3,125)	(4,249)	(26.5)	(10,723)	(8,200)	30.8
Business tax and surcharges	(3,653)	(3,620)	0.9	(10,941)	(6,983)	56.7
Depreciation of right-of-use assets	(33,723)	(32,681)	3.2	(95,391)	(66,641)	43.1
Administrative expenses:						
Employee benefit expenses						
- Defined contribution plans	(1,378)	(3,093)	(55.4)	(7,638)	(4,991)	53.0
- Salaries, wages, bonuses and other costs	(31,823)	(30,396)	4.7	(96,863)	(57,381)	68.8
Accrued step rental income written off	-	-	n.m.	-	(822)	n.m.
Bank charges	(1,703)	(1,816)	(6.2)	(5,164)	(3,942)	31.0
Director fees	(334)	(374)	(10.7)	(1,047)	(770)	36.0
Depreciation of property, plant and equipment	(6,574)	(5,981)	9.9	(19,121)	(12,284)	55.7
Office supplies	(493)	(815)	(39.5)	(3,154)	(1,345)	134.5
Impairment on property, plant and equipment	(2,960)	-	n.m.	(2,960)	-	n.m.
Impairment reversal/(charge) on right-of-use assets	28,400	(28,400)	n.m.	-	(6,151)	n.m.
Provision for termination of lease	(17,146)	-	n.m.	(17,146)	-	n.m.

n.m. – Not meaningful

8. Income tax expense

The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	← Group →					
	Six-month ended		Change + / (-) %	Eighteen-month ended	Twelve-month ended	Change + / (-) %
	30/06/2022 RMB'000	30/06/2021 RMB'000		30/06/2022 RMB'000	31/12/2020 RMB'000	
Current income tax	(2,039)	9,129	n.m.	11,499	17,119	(32.8)
Deferred tax income/(expense) relating to origination and reversal of temporary differences	497	(5,899)	n.m.	(3,254)	5,569	n.m.
	<u>(1,542)</u>	<u>3,230</u>	n.m.	<u>8,245</u>	<u>22,688</u>	(63.7)

9. Property, plant and equipment

In FP 2022, the Group acquired assets amounting to RMB22.0 million, capitalization of prepayment amounting to RMB5.0 million paid for renovation in FY 2020 and disposed RMB0.2 million of assets.

10. Right-of-use assets and Leases

In FP 2022, the Group recognised an addition of RMB245.4 million of right-of-use assets and RMB244.5 million of lease liabilities due to the opening of new stores and renewal of existing lease agreements. The Group also reversed the impairment loss recognised amounting to RMB28.4 million. The impairment was recognised in Jun 2021 in relation to the right-of-use assets for the Group's underperforming Lvucuo Store due to early termination of the main lease in August 2022.

11. Share capital

	30 June 2022		31 December 2020	
	No. of ordinary shares '000	Paid up share capital RMB'000	No. of ordinary shares '000	Paid up share capital RMB'000
At beginning and end of financial period	<u>196,320</u>	<u>67,148</u>	<u>196,320</u>	<u>67,148</u>

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.

12. Commitments

Capital expenditure contracted for as at 30 June 2022 but not recognised in the condensed interim financial statements amounted to RMB33.0 million (31 December 2020: RMB29.9 million).

13. **Loans and borrowings**

Amount repayable in one year or less, or on demand

As at 30/06/2022		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
93,800	44,430	-	2,572

Amount repayable after one year

As at 30/06/2022		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
8,500	12,835	-	61,620

As at 30 June 2022, a total of RMB102.3 million bank borrowings were interest bearing and secured by fixed deposits and a store owned by the Group.

The Group's unsecured interest-bearing borrowings consists of RMB38.5 million of bonds issued by the Company and a bank borrowing of RMB18.8 million.

14. Related party transactions

Other than disclosed elsewhere in the condensed interim financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	← Group →			
	Six-month ended		Eighteen-month ended	Twelve-month ended
	30/06/2022 RMB'000	30/06/2021 RMB'000	FP 2022 RMB'000	FY 2020 RMB'000
Concessionaire income from companies in which Directors have an interest	658	701	2,005	1,349
Sales of goods to a company in which Directors have an interest	-	-	-	462
Advertisement income received from companies in which Directors have an interest	19	25	69	55
Management fees from a company in which Directors have an interest	2,448	2,448	7,373	4,718
Rent concession from a company in which Directors have an interest	-	-	-	426
Sales commission charged by a company in which Directors have an interest	170	731	980	768
Depreciation of right to use lease properties owned by a company in which Directors have an interest	2,254	2,252	6,774	4,484
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	264	245	963	397

15. Subsequent events

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

On 1 August 2022, the Group has transferred its shares in four joint venture companies at its invested cost to its joint venture partners and on the same date, de-registered a joint venture company. Please refer to announcement released on 3 August 2022 for more information.

In August 2022, the Group has terminated the lease of the underperforming Jinjiang Qingyang Store and the main lease of the Lvcoo Store.

The Group is expected to have an official opening of its new outlet mall located at Huishan District, Wuxi City, Jiangsu Province on 9 September 2022. For more information, please refer to announcement released on 22 August 2022.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the share capital of the Company in 6M 2022.

There were no outstanding convertibles issued or subsidiary holdings as at 30 June 2022 and 30 June 2021.

There were a total of 4,572,300 treasury shares held as at 30 June 2022 (30 June 2021: 4,552,300).

As at 30 June 2022, the number of treasury shares held by the Company constituted 2.3% (30 June 2021: 2.3%) of the total number of ordinary shares outstanding.

- 1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares (excluding treasury shares) as at 30 June 2022 were 191,747,700 (31 December 2021: 191,747,700; 30 June 2021: 191,767,700).

- 1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	Six-month ended		Eighteen-month ended	Twelve-month ended
	30/06/2022	30/06/2021	30/06/2022	31/12/2020
Balance at beginning of financial period	4,572,300	4,552,300	4,552,300	4,494,300
Purchase of treasury shares	-	-	20,000	58,000
Balance at end of financial period	4,572,300	4,552,300	4,572,300	4,552,300

- 1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

-
- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2020.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised SFRS(I) and Interpretations of SFRS(I) ("SFRS(I) INT") that are effective for annual periods beginning on or after 1 January 2021. The adoption of the new/revised SFRS(I) and SFRS(I) INT did not have any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:—**

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	← Group →			
	Six-month ended		Eighteen-month ended	Twelve-month ended
	30/06/2022	30/06/2021	30/06/2022	31/12/2020
	RMB cents	RMB cents	RMB cents	RMB cents
(a) Based on weighted average no. of shares	5.67	(4.33)	(8.22)	28.80
(b) Based on fully diluted basis	5.67	(4.33)	(8.22)	28.80
Weighted average no. of shares applicable to basic earnings per share	191,747,700	191,767,700	191,758,616	191,789,738
Weighted average no. of shares based on fully diluted basis	191,747,700	191,767,700	191,758,616	191,789,738

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:(a) current financial period reported on; and (b) immediately preceding financial year.**

	← Group →		← Company →	
	30/06/2022	31/12/2020	30/06/2022	31/12/2020
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share	92.91	111.15	41.84	34.56

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

The Group had announced the change of the Company's financial year end from 31 December to 30 June. The current financial period covers eighteen months from 1 January 2021 to 30 June 2022 ("FP 2022"). The preceding financial year covered twelve months from 1 January 2020 to 31 December 2020. For the comparison of the twelve-month period from 1 January 2021 to 31 December 2021, please refer to the result announcement published on 1 March 2022. This announcement will focus on the comparison of six-month period from 1 January 2022 to 30 June 2022 ("6M 2022").

A review of the statement of comprehensive income for the six-month ended 30 June 2021 ("6M 2021") and 6M 2022 is as follows:-

The Group's revenue dropped by 5% to RMB527.6 million (RMB557.2 million in 6M 2021) mainly due to a drop in Moutai liquor sales in 6M 2022 which resulted same store sales growth* ("SSSG") fell by 10% in 6M 2022 (6M 2021: rose by 9%). Sales decreased mainly due to the various Covid-19 control measures implemented in Fujian Province during March to April 2022, which resulted in six stores closing the department store sections temporarily, and two stores suspending all activities temporarily. This decline was offset by the contribution from the opening of the new stores (Jinjiang Qingyang Store, Nanshan Store and Zhangzhou Port Store opened in March, August and December 2021 respectively).

The Group's 6M 2022 gross profit decreased by 8% to RMB122.9 million (RMB133.2 million in 6M 2021) mainly due to the decrease in overall revenue.

As our cost of sales is incurred solely in respect of our direct sales activities, a discussion on the gross profit margins for our rental, managed rental and concessionaire sales activities is not meaningful.

The Group's gross profit and gross profit margin in respect of our direct sales activities are set out below:

	← Group →					
	Six-month ended		Change + / (-) %	Eighteen-month ended	Twelve-month ended	Change + / (-) %
	30/06/2022 RMB'000	30/06/2021 RMB'000		30/06/2022 RMB'000	31/12/2020 RMB'000	
Revenue from direct sales activities	458,041	477,777	(4.1)	1,380,438	1,076,794	28.2
Cost of sales	<u>(404,699)</u>	<u>(424,030)</u>	(4.6)	<u>(1,225,138)</u>	<u>(946,928)</u>	29.4
Gross profit from direct sales activities	<u>53,342</u>	<u>53,747</u>	(0.8)	<u>155,300</u>	<u>129,866</u>	19.6
Gross profit margin on direct sales activities	11.6%	11.2%	0.4	11.3%	12.1%	(0.8)

The gross profit margin for the direct sales activities remained largely unchanged at 11.6% (11.2% in 6M 2021)

Other income decreased by 11% in 6M 2022 to RMB37.2 million (RMB 41.9 million in 6M 2021) mainly due to lower promotion and advertising income, offset by the government subsidy amounting to RMB5.0 million granted to the newly opened store.

Selling and distribution expenses decreased by 2% in 6M 2022 to RMB101.7 million (RMB103.5 million in 6M 2021) mainly due to reduced expenditure on advertisement and promotions and reversal of social insurance accruals, offset by higher operating costs such as utilities incurred for the new stores, and increased depreciation of right-of-use assets arising from the new stores.

* Same store sales growth calculated by comparing the gross sales proceeds of stores operating in the current financial period and the corresponding period of the immediately preceding financial year.

Administrative expenses decreased by 49% in 6M 2022 to RMB39.4 million (RMB76.8 million in 6M 2021) mainly due to the reversal of impairment on the right-of-use asset of the Lvcoo Store amounting to RMB 28.4 million in 6M 2022 (RMB28.4 million impairment loss was provided in 6M 2021). The reversal of impairment loss was due to the early termination of the main lease of the Lvcoo store in August 2022. The Group has terminated two leases in August 2022 and made a provision for the compensation in relation to the termination of lease of RMB4.8 million and RMB12.4 million for the underperforming Jinjiang Qingyang Store and the main lease of Lvcoo Store respectively. The decrease was further offset by the impairment charges of property, plant and equipment in relation to Jinfeng Store and Wucun Store, amounting to RMB0.9 million and RMB2.1 million respectively.

The Group's share of results of associates and joint ventures contributed a combined profit of RMB3.4 million in 6M 2022 (RMB4.7 million in 6M 2021) mainly due to (i) share of profit of RMB10.3 million (RMB8.6 million in 6M 2021) with one of the Group's associates operating the outlet mall in Changsha City, offset by (ii) share of the pre-operating loss of RMB5.3 million (RMB2.7 million in 6M 2021) with the Group's joint venture, Wuxi Shi Yueshang Outlets Co., Ltd. ("Wuxi Yueshang") to establish an outlet mall in Wuxi City; (iii) share of loss of RMB1.3 million (RMB1.2 million in 6M 2021) with another associate of the Group, Citi-base Commerce Logistics (Xiamen) Co ("Citi-base") which had completed the acceptance on examination of its commercial complex's second phase in Haicang, Xiamen. It is currently undergoing its interior renovation works and would expect an estimated completion around next year April.

The Group recorded income tax credit of RMB1.5 million in 6M 2022 (income tax expense of RMB3.2 million in 6M 2021) and RMB8.2 million in FP 2022 (RMB22.7 million in 12M 2020). The income tax expense was mainly incurred by the profit-making stores.

As a result of the preceding factors mentioned, the Group reported a net profit of RMB10.9 million in 6M 2022 (up by RMB19.2 million from RMB8.3 million net loss in 6M 2021), mainly due to the reversal of impairment charges on the right-of-use asset of the Lvcoo Store, offset by drop in revenue, lower advertisement and promotion income, higher operating expenses incurred by the new stores and the impairment charges on property, plant and equipment for Jinfeng Store and Wucun Store.

Balance Sheet

A review of the balance sheet items as at 30 June 2022 and 31 December 2020 is as follows:-

Property, plant and equipment increased by RMB4.8 million mainly due to the acquisition of assets amounting to RMB22.0 million and capitalization of renovation amounting to RMB5.0 million from prepayment paid in FY 2022 which were partially offset by depreciation charges of RMB19.1 million and impairment charges of property, plant and equipment for the Jinfeng Store and Wucun Store amounting to RMB3.0 million in FP 2022.

Right-of-use assets increased by RMB150.0 million mainly due to recognition of RMB245.4 million right-of-use assets for renewal of the lease agreements for the existing stores, as well as signing new leases for the newly opened stores. This was partially offset by the depreciation charges of RMB95.4 million.

Investment in associates and joint ventures increased by RMB28.6 million mainly due to converting RMB35.4 million of the amount due from an associate to investment, capital injection of RMB8.8 million in the Group's joint ventures and the share of their overall results amounting to RMB9.0 million, partially offset by a dividend of RMB24.6 million received from the Group's associate in Changsha.

Inventories increased by RMB10.2 million mainly due to additional inventories held by new stores opened in year 2021.

Prepayments (current and non-current) decreased by RMB53.3 million mainly due to lower prepayments for the purchase of Moutai liquor and capitalisation of renovation costs from prepayments to property, plant and equipment, upon the opening of new stores in year 2021.

Trade and other receivables (current and non-current) decreased by RMB17.7 million mainly due to the cessation of credit term granted for bulk sale of prepaid cash cards, partially offset by receivables arising from the operations of the new stores.

Amount due from associates decreased by RMB28.5 million mainly due to the conversion of the debt to investment in associate.

Amount due from a joint venture of RMB193.0 million was related to advances provided by the Group to fund the joint venture to establish an outlet mall in Wuxi City as agreed between the shareholders of the joint venture.

Restricted cash of RMB40.0 million was a result of bank deposits being pledged for bank loans taken up by the Group for the outlet project in Wuxi City.

Loans and borrowings (current and non-current) increased by RMB95.4 million mainly due to new loans amounting to RMB103.3 million for the outlet project in Wuxi City, offset by the repayment of loans in FP 2022.

Lease liabilities (current and non-current) increased by RMB150.7 million mainly due to an addition of RMB244.5 million relating to the renewal of lease agreements and new leases recognised for the opening of new stores, partially offset by the repayments net of interest expense amounting to RMB93.8 million.

Amount due to related parties decreased by RMB45.7 million mainly due to repayments.

Income tax payable decreased by RMB17.1 million primarily due to tax paid and reduction in tax provision.

The Group was in net current liabilities position, of which the total current liabilities consist of prepaid cards sold to customers, where these cards can be used to make purchases. The total value of these prepaid cards is about RMB 120 million and is non-refundable, which would be recognized as income upon usage.

Cash flow statement

The Group reported a net increase of RMB32.8 million in cash and cash equivalents in 6M 2022 mainly due to:

1. Net cash generated from operating activities was RMB99.0 million. This was mainly attributable to (i) operating cash flows before changes in working capital of RMB51.4 million after adjustments mainly for depreciation of property, plant and equipment of RMB6.6 million, depreciation of right-of-use assets of RMB33.7 million, impairment on property, plant and equipment of RMB3.0 million, provision for termination of lease of RMB17.1 million and reversal of impairment on right-of-use assets of RMB28.4 million; (ii) decrease in prepayments by RMB20.3 million mainly relating to the purchase of Moutai liquor; (iii) increase in trade and other payables by RMB58.5 million mainly due to higher procurement activities in new stores, short term unsecured advance of RMB10 million from a bank and purchases made by consumers using the Group's prepaid cash cards at the managed stores, offset by lower accruals, increase in trade and other receivables by RMB5.8 million and increase in inventories of RMB12.5 million.
2. Net cash used in financing activities was RMB7.0 million primarily arising from (i) lease liabilities repayments and interest repayments on lease liabilities of RMB31.1 million; and (ii) principal and interest repayment of loans, borrowings and bonds. This was partially offset by loan proceeds of RMB28.5 million.
3. Net cash used in investing activities of RMB59.2 million was mainly attributable to (i) the advances to a joint venture amounting to RMB62.0 million for the outlet project in Wuxi City; and (ii) the acquisition of property, plant and equipment of RMB3.2 million. The decrease was partially offset by dividends of RMB8.4 million received from the Group's associate in Changsha in 6M 2022.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's results in 6M 2022 are largely in line with what was previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the National Bureau of Statistics of China, the real GDP in China grew 0.4% year-on-year in the second quarter of 2022 and 2.5% in the first half of 2022. This compares with a growth of 8.1% in 2021. The first six months of 2022 saw retail sales of consumer products excluding automobiles falling by 0.1% year-on-year, which is weaker than the 12.9% growth recorded in the whole of 2021. In the first half of 2022, supermarket sales grew by 4.2% while department store sales fell by 8.4%. The macro-environment remains challenging in the short term due to COVID. China's zero-tolerance COVID policy may continue to have an adverse impact on the performance of our stores. Due to unsatisfactory performance, Lvculo Store and Jinjiang Qingyang Store ceased operations on 16 August 2022.

The Group's new super large outlet mall in Huishan, Wuxi City, with a total gross floor area of 368,000 sqm, is scheduled to officially open on 9 September 2022. With this new mega outlet mall, the Group will be managing two outlet malls with a combined gross floor area of 569,000 sqm.

11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

No dividend has been declared or recommended for 6M 2022 and FP 2022.

(b)(i) Amount per share;

Not applicable.

(b)(ii) Previous corresponding period;

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend amount per ordinary share	1.0 Singapore cent	2.0 Singapore cent
Tax rate	One-tier tax exempt	One-tier tax exempt

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated);

Not applicable.

(d) The date the dividend is payable; and

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FP 2022 as the Group was in a loss-making position for FP 2022. The board of Directors deems it appropriate to conserve adequate resources for the Group's business activities.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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) (RMB'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (RMB'000)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	7,373	-
Sales commission charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	980	-
Renewal of lease agreement entered into with a related party (lessor): Quanzhou Zhongmin Baihui Shopping Co., Ltd.	15,160	-
Concessionaire income from Quangang Store charged to a related party: Fujian Hancai Garments Co., Ltd.	563	-

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

14. **Negative confirmation pursuant to Rule 705(5).**

The Board of Directors confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the six-month and eighteen-month ended 30 June 2022 of the Group and the Company to be false or misleading in any material aspect.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

No reporting by geographical location and business segments is presented as the business operations of the Group are solely in the retail industry in China.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

18. **A breakdown of sales as follows:—**

	← Group →		Change +/(-) %
	Eighteen-month ended 30/06/2022 RMB'000	Twelve-month ended 31/12/2020 RMB'000	
Revenue			
- first half (Jan 2021 to Jun 2021 / Jan 2020 to Jun 2020)	557,197	510,374	9.2
- second half (Jul 2021 to Dec 2021 / Jul 2020 to Dec 2020)	512,645	719,860	(28.8)
- third half (Jan 2022 to Jun 2022)	527,564	-	n.m.
	<u>1,597,406</u>	<u>1,230,234</u>	29.8
Profit after taxation			
- first half (Jan 2021 to Jun 2021 / Jan 2020 to Jun 2020)	(8,310)	28,909	n.m.
- second half (Jul 2021 to Dec 2021 / Jul 2020 to Dec 2020)	(18,336)	26,327	n.m.
- third half (Jan 2022 to Jun 2022)	10,881	-	n.m.
	<u>(15,765)</u>	<u>55,236</u>	n.m.

19. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—**

	Eighteen-month ended	Full year ended
	30/06/2022	31/12/2020
	S\$'000	S\$'000
Ordinary		
- Interim	-	1,918
- Final*	-	3,835
Total:	-	5,753

-
20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chen Huiling	35	Daughter of Chen Kaitong	Head of the Fourth Merchandising Department (since 1 July 2020). Her duties include the Group's business solicitation, procurement and sales management for menswear and sportswear.	N.A.

BY ORDER OF THE BOARD

**ZHONGMIN BAIHUI RETAIL GROUP LTD.
LEE SWEE KENG
EXECUTIVE CHAIRMAN**

29 August 2022