

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH AND TWELVE-MONTH ENDED 31 DECEMBER 2021

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 twelve-month ended 31 December 2021 (“6M 2021” and “12M 2021” respectively)

	Note	← Group →					
		Six-month ended		Change	Twelve-month ended		Change
		31/12/2021	31/12/2020	+/(-) %	31/12/2021	31/12/2020	+/(-) %
		RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	6	512,645	719,860	(28.8)	1,069,842	1,230,234	(13.0)
Cost of sales		<u>(396,409)</u>	<u>(565,121)</u>	(29.9)	<u>(820,439)</u>	<u>(946,928)</u>	(13.4)
Gross profit		116,236	154,739	(24.9)	249,403	283,306	(12.0)
Other income		45,367	42,626	6.4	87,316	94,260	(7.4)
Interest income		1,564	2,286	(31.6)	3,782	6,677	(43.4)
Selling and distribution expenses		(108,211)	(107,752)	0.4	(211,756)	(199,440)	6.2
Finance costs		(8,817)	(8,523)	3.4	(15,637)	(15,005)	4.2
Administrative expenses		<u>(58,678)</u>	<u>(55,944)</u>	4.9	<u>(135,474)</u>	<u>(100,768)</u>	34.4
(Loss)/profit before taxation and share of results of associates and joint ventures		(12,539)	27,432	n.m.	(22,366)	69,030	n.m.
Share of results of joint ventures		(6,105)	(2,842)	(114.8)	(8,793)	(3,978)	(121.0)
Share of results of associates		<u>6,865</u>	<u>12,154</u>	(43.5)	<u>14,300</u>	<u>12,872</u>	11.1
(Loss)/profit before taxation	7	(11,779)	36,744	n.m.	(16,859)	77,924	n.m.
Income tax expense	8	<u>(6,557)</u>	<u>(10,417)</u>	(37.1)	<u>(9,787)</u>	<u>(22,688)</u>	(56.9)
(Loss)/profit after taxation		<u>(18,336)</u>	<u>26,327</u>	n.m.	<u>(26,646)</u>	<u>55,236</u>	n.m.
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Currency translation gain/(loss)		<u>467</u>	<u>5</u>	n.m.	<u>515</u>	<u>(532)</u>	n.m.
Other comprehensive income, net of tax		<u>467</u>	<u>5</u>	n.m.	<u>515</u>	<u>(532)</u>	n.m.
Total comprehensive income for the period attributable to the owners of the Company		<u>(17,869)</u>	<u>26,332</u>	n.m.	<u>(26,131)</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	
		31 12 2021 RMB'000	31/12/2020 RMB'000	31 12 2021 RMB'000	31/12/2020 RMB'000
Non-current assets					
Property, plant and equipment	9	162,885	151,569	17	29
Right-of-use assets	10	273,908	199,398	597	130
Intangible assets		3,810	3,810	-	-
Investment in subsidiaries		-	-	73,094	63,257
Investment in joint ventures		8,531	8,554	-	-
Investment in associates		76,082	42,568	-	-
Prepayments		-	5,066	-	-
Other receivables		11,037	11,864	64	77
Deferred tax assets		21,590	17,214	1	1
Other assets		3,786	3,786	-	-
		<u>561,629</u>	<u>443,829</u>	<u>73,773</u>	<u>63,494</u>
Current assets					
Inventories		157,153	159,544	-	-
Prepayments		39,574	67,526	23	29
Trade and other receivables		23,368	45,290	46	-
Amount due from a subsidiary		-	-	40,515	65,473
Amount due an associate		9,900	41,400	-	-
Amount due from a joint venture		131,000	-	-	-
Amount due from related parties		7,177	10,364	-	-
Restricted cash		40,000	-	-	-
Cash and cash equivalents		<u>158,732</u>	<u>324,346</u>	<u>6,347</u>	<u>15,293</u>
		<u>566,904</u>	<u>648,470</u>	<u>46,931</u>	<u>80,795</u>
Less: Current liabilities					
Loans and borrowings	13	44,730	2,572	5,730	2,572
Trade and other payables		419,996	429,703	1	-
Lease liabilities	10	52,135	62,783	245	137
Other liabilities		39,378	38,871	2,582	2,858
Amount due to related parties		1,620	68,885	-	-
Income tax payable		<u>13,803</u>	<u>20,175</u>	<u>-</u>	<u>-</u>
		<u>571,662</u>	<u>622,989</u>	<u>8,558</u>	<u>5,567</u>
Net current assets		<u>(4,758)</u>	<u>25,481</u>	<u>38,373</u>	<u>75,228</u>
Non-current liabilities					
Loans and borrowings	13	88,472	61,620	53,172	61,620
Lease liabilities	10	285,150	180,022	357	-
Deferred tax liabilities		<u>14,641</u>	<u>14,521</u>	<u>10,778</u>	<u>10,821</u>
		<u>388,263</u>	<u>256,163</u>	<u>64,307</u>	<u>72,441</u>
Net assets		<u>168,608</u>	<u>213,147</u>	<u>47,839</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		225	(290)	215	(299)
Revenue reserve		<u>88,437</u>	<u>138,524</u>	<u>5,569</u>	<u>24,463</u>
Total equity		<u>168,608</u>	<u>213,147</u>	<u>47,839</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		Twelve-month ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss)/profit before taxation	(11,779)	36,744	(16,859)	77,924
Adjustments for:				
Depreciation of property, plant and equipment	6,566	5,387	12,547	12,284
Depreciation of right-of-use assets	28,987	33,250	61,668	66,641
Impairment on right-of-use assets	-	6,151	28,400	6,151
Net gain on disposal of property, plant and equipment	(5)	-	(5)	(6)
Amortisation of step rental income	-	132	-	132
Accrued step rental income written off	-	822	-	822
Reversal of provision for termination of lease	(1,762)	-	(1,762)	-
Inventories written off	30	-	125	-
Rent concession	-	(79)	-	(7,110)
Interest income	(1,564)	(2,286)	(3,782)	(6,677)
Finance costs	8,817	8,523	15,637	15,005
Share of results of joint ventures	6,105	2,842	8,793	3,978
Share of results of associates	(6,865)	(12,154)	(14,300)	(12,872)
Unrealised exchange difference	(743)	(900)	(2,297)	(1,490)
Operating cash flows before changes in working capital	<u>27,787</u>	<u>78,432</u>	<u>88,165</u>	<u>154,782</u>
(Increase)/decrease in inventories	(2,042)	(50,367)	2,266	(41,740)
(Increase)/decrease in prepayments	(11,209)	60,736	27,951	(53,570)
(Increase)/decrease in trade and other receivables	(28,199)	(31,659)	10,141	(29,067)
Increase/(decrease) in trade and other payables	9,986	101,723	(59,102)	110,999
Cash flows generated (used in)/generated from operation	<u>(3,677)</u>	<u>158,865</u>	<u>69,421</u>	<u>141,404</u>
Interest received	1,260	1,975	3,130	5,380
Interest paid	(370)	-	(370)	-
Tax paid	(2,230)	(4,942)	(19,910)	(13,444)
Net cash flows (used in)/generated from operating activities	<u>(5,017)</u>	<u>155,898</u>	<u>52,271</u>	<u>133,340</u>
Cash flows from financing activities				
Dividends paid	(18,346)	(24,059)	(18,346)	(24,059)
Interest on lease liabilities paid	(6,765)	(6,796)	(12,037)	(13,034)
Interest paid on loans and bonds	(1,525)	(1,587)	(3,086)	(1,587)
Purchase of treasury shares	(62)	(84)	(62)	(178)
Proceeds from loans and borrowings	74,800	24,785	74,800	65,010
Repayment of loans and borrowings	(2,888)	-	(2,888)	-
Repayment of lease liabilities	(29,218)	(40,942)	(69,270)	(68,897)
Bank deposit pledged	(40,000)	-	(40,000)	-
Net cash flows used in from financing activities	<u>(24,004)</u>	<u>(48,683)</u>	<u>(70,889)</u>	<u>(42,745)</u>
Cash flows from investing activities				
Dividend income	16,185	4,051	16,185	4,051
Purchases of property, plant and equipment	(8,275)	(10,995)	(18,802)	(14,148)
Investment in joint ventures	(1,900)	(6,000)	(8,770)	(9,000)
Investment in associates	(3,900)	-	(3,900)	-
Amount due from associates	1,500	(6,000)	-	(11,700)
Amount due from a joint venture	(96,000)	-	(131,000)	-
Prepayments	-	(5,066)	-	(5,066)
Proceeds from disposal of property, plant and equipment	9	-	9	15
Bank deposit pledged	-	-	-	10,000
Net cash flows used in investing activities	<u>(92,381)</u>	<u>(24,010)</u>	<u>(146,278)</u>	<u>(25,848)</u>
Net (decrease)/increase in cash and cash equivalents	(121,402)	83,205	(164,896)	64,747
Effect of exchange rate changes on cash and cash equivalents	(153)	(554)	(718)	(442)
Cash and cash equivalents at beginning of financial period	<u>280,287</u>	<u>241,695</u>	<u>324,346</u>	<u>260,041</u>
Cash and cash equivalents at end of financial period	<u><u>158,732</u></u>	<u><u>324,346</u></u>	<u><u>158,732</u></u>	<u><u>324,346</u></u>
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:				
Cash on hand	4,417	2,955	4,417	2,955
Bank balances	<u>154,315</u>	<u>321,391</u>	<u>154,315</u>	<u>321,391</u>
	<u>158,732</u>	<u>324,346</u>	<u>158,732</u>	<u>324,346</u>

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 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	-	-	48	-	-	48
Loss for the period	-	-	-	(8,310)	-	(8,310)
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
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	467	-	-	467
Loss for the period	-	-	-	(18,336)	-	(18,336)
Transfer to statutory common reserve	-	-	-	(5,095)	5,095	-
Total comprehensive income for the period	-	-	467	(23,431)	5,095	(17,869)
Purchase of treasury shares	-	(62)	-	-	-	(62)
Dividends paid	-	-	-	(18,346)	-	(18,346)
Balance at 31 December 2021	67,148	(25,093)	225	88,437	37,891	168,608

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 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	-	-	(537)	-	-	(537)
Profit for the period	-	-	-	28,909	-	28,909
Total comprehensive income for the period	-	-	(537)	28,909	-	28,372
Purchase of treasury shares	-	(94)	-	-	-	(94)
Balance at 30 June 2020	67,148	(24,947)	(295)	141,700	27,352	210,958
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	5	-	-	5
Profit for the period	-	-	-	26,327	-	26,327
Transfer to statutory common reserve	-	-	-	(5,444)	5,444	-
Total comprehensive income for the period	-	-	5	20,883	5,444	26,332
Purchase of treasury shares	-	(84)	-	-	-	(84)
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	Treasury shares	Currency translation reserve	Revenue reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company					
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	-	-	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
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	466	-	466
Loss for the period	-	-	-	(5,409)	(5,409)
Total comprehensive income for the period	-	-	466	(5,409)	(4,943)
Purchase of treasury shares	-	(62)	-	-	(62)
Dividends paid	-	-	-	(18,346)	(18,346)
Balance at 31 December 2021	67,148	(25,093)	215	5,569	47,839

	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 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	-	-	(537)	-	(537)
Profit for the period	-	-	-	10,583	10,583
Total comprehensive income for the period	-	-	(537)	10,583	10,046
Purchase of treasury shares	-	(94)	-	-	(94)
Balance at 30 June 2020	67,148	(24,947)	(305)	28,674	70,570
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	6	-	6
Profit for the period	-	-	-	19,848	19,848
Total comprehensive income for the period	-	-	6	19,848	19,854
Purchase of treasury shares	-	(84)	-	-	(84)
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	Twelve-month ended		Change
	31/12/2021	31/12/2020	+ / (-)	31/12/2021	31/12/2020	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue:						
- Direct sales	444,620	640,225	(30.6)	922,397	1,076,794	(14.3)
- Commission from concessionaire sales	44,764	52,460	(14.7)	100,068	103,593	(3.4)
- Rental income	19,423	20,995	(7.5)	39,271	37,145	5.7
- Managed rental	3,838	6,180	(37.9)	8,106	12,702	(36.2)
	<u>512,645</u>	<u>719,860</u>	(28.8)	<u>1,069,842</u>	<u>1,230,234</u>	(13.0)
Gross revenue from concessionaire sales	<u>252,415</u>	<u>281,060</u>	(10.2)	<u>547,060</u>	<u>544,937</u>	0.4
Gross sales proceeds*	<u>720,296</u>	<u>948,460</u>	(24.1)	<u>1,516,834</u>	<u>1,671,578</u>	(9.3)

* 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. (Loss)/profit before taxation

	← Group →					
	Six-month ended		Change	Twelve-month ended		Change
	31/12/2021	31/12/2020	+/(-) %	31/12/2021	31/12/2020	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
(Loss)/profit before tax is arrived at after (charging)/crediting the following:						
Inventories written off	(30)	-	n.m.	(125)	-	n.m.
Other income:						
Advertisement and promotion fees	35,475	33,804	4.9	69,544	64,047	8.6
Exchange gain	635	1,142	(44.4)	2,074	2,251	(7.9)
Job support grant	(1)	103	n.m.	46	5,180	(99.1)
Leisure facilities charges	596	764	(22.0)	1,306	1,131	15.5
Management fees	2,477	2,476	0.0	4,925	4,718	4.4
Net gain on disposal of property, plant and equipment	5	-	n.m.	5	6	(16.7)
Rent concession	-	79	n.m.	-	7,110	n.m.
Reversal of provision for termination of lease	1,762	-	n.m.	1,762	-	n.m.
Selling and distribution expenses:						
Employee benefit expenses						
- Defined contribution plans	(5,285)	(5,103)	3.6	(10,372)	(8,175)	26.9
- Salaries, wages, bonuses and other costs	(37,488)	(36,873)	1.7	(73,879)	(69,213)	6.7
Rental expenses	(2,240)	(1,474)	52.0	(2,240)	(1,474)	52.0
Utilities	(13,445)	(11,872)	13.2	(24,101)	(20,808)	15.8
Advertisement and promotion fees	(3,349)	(5,128)	(34.7)	(7,598)	(8,200)	(7.3)
Business tax and surcharges	(3,668)	(3,963)	(7.4)	(7,288)	(6,983)	4.4
Depreciation of right-of-use assets	(28,987)	(33,250)	(12.8)	(61,668)	(66,641)	(7.5)
Administrative expenses:						
Employee benefit expenses						
- Defined contribution plans	(3,167)	(2,861)	10.7	(6,260)	(4,991)	25.4
- Salaries, wages, bonuses and other costs	(34,644)	(30,636)	13.1	(65,040)	(57,381)	13.3
Accrued step rental income written off	-	(822)	n.m.	-	(822)	n.m.
Bank charges	(1,645)	(2,064)	(20.3)	(3,461)	(3,942)	(12.2)
Director fees	(339)	(383)	(11.5)	(713)	(770)	(7.4)
Depreciation of property, plant and equipment	(6,566)	(5,387)	21.9	(12,547)	(12,284)	2.1
Office supplies	(1,846)	(783)	135.8	(2,661)	(1,345)	97.8
Impairment on right-of-use assets	-	(6,151)	n.m.	(28,400)	(6,151)	361.7

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	→		Change + / (-) %
	Six-month ended		Change + / (-) %	Twelve-month ended		
	31/12/2021	31/12/2020		31/12/2021	31/12/2020	
	RMB'000	RMB'000		RMB'000	RMB'000	
Current income tax	4,409	5,197	(15.2)	13,538	17,119	(20.9)
Deferred tax income/(expense) relating to origination and reversal of temporary differences	<u>2,148</u>	<u>5,220</u>	(58.9)	<u>(3,751)</u>	<u>5,569</u>	n.m.
	<u>6,557</u>	<u>10,417</u>	(37.1)	<u>9,787</u>	<u>22,688</u>	(56.9)

9. Property, plant and equipment

In 12M 2021, the Group acquired assets amounting to RMB23.9 million and disposed RMB0.1 million of assets.

10. Leases

In 12M 2021, the Group recognised an addition of RMB164.6 million of right-of-use assets and RMB163.7 million of lease liabilities due to the opening of new stores and renewal of existing lease agreements. The Group also recognised an impairment loss amounting to RMB28.4 million in relation to the right-of-use assets for the Group's underperforming store.

11. Share capital

	31 December 2021		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 interim 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 31 December 2021 but not recognised in the condensed interim financial statements amounted to RMB48.1 million (31 December 2020: RMB29.9 million).

13. Loans and borrowings**Amount repayable in one year or less, or on demand**

As at 31/12/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
39,000	5,730	-	2,572

Amount repayable after one year

As at 31/12/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
35,300	53,172	-	61,620

As at 31 December 2021, a total of RMB74.3 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 RMB37.7 million of bonds issued by the Company and a bank borrowing of RMB21.2 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		Twelve-month ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RMB'000	RMB'000	RMB'000	RMB'000
Concessionaire income from companies in which Directors have an interest	646	728	1,347	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	25	25	50	55
Management fees from a company in which Directors have an interest	2,477	2,476	4,925	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	79	768	810	768
Depreciation of right to use lease properties owned by a company in which Directors have an interest	2,268	2,242	4,520	4,484
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	454	200	699	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.

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 2021.

There were no outstanding convertibles issued or subsidiary holdings as at 31 December 2021 and 31 December 2020.

There were a total of 4,572,300 treasury shares held as at 31 December 2021 (31 December 2020: 4,552,300).

As at 31 December 2021, the number of treasury shares held by the Company constituted 2.4% (31 December 2020: 2.4%) 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 31 December 2021 were 191,747,700 (31 December 2020: 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.

Number of treasury shares

	Six-month ended		Twelve-month ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Balance at beginning of financial period	4,552,300	4,524,300	4,552,300	4,494,300
Purchase of treasury shares	20,000	28,000	20,000	58,000
Balance at end of financial period	<u>4,572,300</u>	<u>4,552,300</u>	<u>4,572,300</u>	<u>4,552,300</u>

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		Twelve-month ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RMB cents	RMB cents	RMB cents	RMB cents
(a) Based on weighted average no. of shares	(9.56)	13.73	(13.89)	28.80
(b) Based on fully diluted basis	(9.56)	13.73	(13.89)	28.80
Weighted average no. of shares applicable to basic earnings per share	191,760,417	191,769,004	191,764,029	191,789,738
Weighted average no. of shares based on fully diluted basis	191,760,417	191,769,004	191,764,029	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 →	
	31 12 2021	31/12/2020	31 12 2021	31/12/2020
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share	87.93	111.15	24.95	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

A review of the statement of comprehensive income for the six-month ended 31 December 2020 ("6M 2020") and 6M 2021 and the twelve-month period ended 31 December 2020 ("12M 2020") and 12M 2021 is as follows:-

The Group's revenue dropped by 29% to RMB512.6 million (RMB719.9 million in 6M 2020) mainly due to a drastic drop in Moutai liquor sales in 6M 2021 which resulted from a lower supply from the Moutai supplier, and as a result, same store sales growth* ("SSSG") fell by 26.3% in 6M 2021 (6M 2020: rose by 17.4%). Lower sales were also seen in existing stores as the pandemic continues to curb spending, resulting in the decline of 12M 2021 revenue by 13% to RMB1,069.8 million (RMB1,230.2 million in 12M 2020). 12M 2021 SSSG also fell by 11.2% (12M 2020 fell by 9.7%). This decline was offset by the opening of the contribution from the new stores (Qingyang Store, Nanshan Store and Zhangzhou Port Store opened in March, August and December 2021 respectively).

The Group's 6M 2021 gross profit decreased by 25% to RMB116.2 million (RMB154.7 million in 6M 2020) and 12M 2021 gross profit decreased by 12% to RMB249.4 million (RMB283.3 million in 12M 2020) 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	Twelve-month ended		Change
	31/12/2021	31/12/2020	+/-)	31/12/2021	31/12/2020	+/-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue from direct sales activities	444,620	640,225	(30.6)	922,397	1,076,794	(14.3)
Cost of sales	<u>(396,409)</u>	<u>(565,121)</u>	(29.9)	<u>(820,439)</u>	<u>(946,928)</u>	(13.4)
Gross profit from direct sales activities	<u>48,211</u>	<u>75,104</u>	(35.8)	<u>101,958</u>	<u>129,866</u>	(21.5)
Gross profit margin on direct sales activities	10.8%	11.7%	(0.9)	11.1%	12.1%	(1.0)

The gross profit margin for the direct sales activities fell to 10.8% (11.7% in 6M 2020) and 12M 2021 fell to 11.1% (12.1% in 12M 2020) mainly due to sales of lower margin Moutai liquor which was fixed by the supplier under the direct sales arrangement, and stores having more promotions and discounts in a bid to attract more customers

Other income increased by 6% in 6M 2021 to RMB45.4 million (RMB42.6 million in 6M 2020) mainly due to higher promotion and advertising income and the reversal of provision for termination of Xianyou Store's lease upon the deregistration of the Xianyou branch office.

Other income decreased by 7% in 12M 2021 to RMB 87.3 million (RMB 94.3 million in 12 M 2020) mainly due to absence of rent concession granted by lessors of the Group's retail premises amounting to RMB 7.1 million in 12M 2021 and reduction in job support grant from the Chinese and Singapore government amounting to RMB 5.2 million. The decrease in 12M 2021 is offset by higher advertisement and promotion income.

Selling and distribution expenses increased by 0.4% in 6M 2021 to RMB108.2 million (RMB107.8 million in 6M 2020) and 6% in 12M 2021 to RMB211.8 million (RMB199.4 million in 12M 2020) mainly due to the additional operating expenses such as staff costs and utilities incurred for the new stores, offset by the reduction in depreciation on right-of-use assets after the impairment of right-of-use assets for Lvcoo Store in June 2021.

* 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 increased by 5% in 6M 2021 to RMB58.7 million (RMB55.9 million in 6M 2020) mainly due to increase in staff costs incurred and increased depreciation from the property, plant and equipment additions as a result of the opening of new stores, offset by the absence of impairment charges of RMB6.2 million on right-of-use assets of the Group's underperforming store in 6M 2020. In 12M 2021, administrative expenses increased by 34% to RMB135.5 million (RMB 100.8 million in 12M 2020) mainly due to (i) higher impairment loss by RMB22.2 million charged on the right-of-use assets of the Group's underperforming store; and (ii) increase in staff costs resulting from the opening of new stores in 12M 2021 and from the disruption of the working hours for the administrative staff in 12M 2020.

The Group's share of results of associates and joint ventures contributed a combined profit of RMB0.8 million in 6M 2021 (RMB9.3 million in 6M 2020) mainly due to (i) share of profit of RMB7.9 million (RMB13.6 million in 6M 2020) with one of the Group's associates operating the outlet mall in Changsha City, offset by (i) share of the pre-operating loss of RMB6.0 million (RMB2.6 million in 6M 2020) with the Group's joint venture, Wuxi Shi Yueshang Outlets Co., Ltd. ("Wuxi Yueshang") to establish an outlet mall in Wuxi City; (ii) share of loss of RMB1.0 million (RMB1.4 million in 6M 2020) 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 and is expected to complete the interior renovation works in 2022.

In 12M 2021, the Group's share of results of associates and joint ventures contributed a combined profit of RMB5.5 million (RMB8.9 million in 12M 2020) mainly due to (i) share of profit of RMB16.5 million (RMB15.5 million in 12M 2020) with one of the Group's associates operating the outlet mall in Changsha City, offset by (i) share of the pre-operating loss of RMB8.7 million (RMB3.7 million in 12M 2020) with the Group's joint venture, Wuxi Yueshang; (ii) share of loss of RMB2.2 million (RMB2.6 million in 12M 2020) with another associate of the Group, Citi-base.

The Group recorded income tax expense of RMB6.6 million in 6M 2021 (RMB10.4 million in 6M 2020) and RMB9.8 million in 12M 2021 (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 loss of RMB18.3 million in 6M 2021 (down by RMB44.7 million from RMB26.3 million profit in 6M 2020) and a net loss of RMB26.6 million in 12M 2021 (down by RMB81.9 million from RMB55.2 million in 12M 2020), mainly due to the drop in revenue, higher operating expenses incurred by the new stores and the impairment charges on right-of-use assets for the underperforming store.

Balance Sheet

A review of the balance sheet items as at 31 December 2020 and 31 December 2021 is as follows:-

Property, plant and equipment increased by RMB11.3 million mainly due to acquisition of assets amounting to RMB23.9 million which was partially offset by depreciation charges of RMB12.5 million in 12M 2021.

Right-of-use assets increased by RMB74.5 million mainly due recognition of RMB164.6 million the 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 is partially offset by the depreciation charges of RMB61.7 million and impairment charges of RMB28.4 million on the right-of-use assets of the Group's underperforming store.

Investment in associates and joint ventures increased by RMB33.5 million mainly due to converting RMB35.4 million of 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 RMB5.5 million, partially offset by dividend of RMB16.2 million received from the Group's associate in Changsha.

Prepayments (current and non-current) decreased by RMB33.0 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 store in 2021.

Trade and other receivables (current and non-current) decreased by RMB22.7 million mainly due to collection from the bulk sale of prepaid cash cards, partially offset by receivables from the operations of the new stores.

Amount due from associates decreased by RMB31.5 million due to the conversion of the debt to investment in associate.

Amount due from a joint venture of RMB131.0 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 RMB69.0 million mainly due to new loans amounting to RMB74.8 million for the outlet project in Wuxi City, offset by the repayment of loans in 12M 2021.

Lease liabilities (current and non-current) increased by RMB94.5 million mainly due an addition of RMB163.7 million relating to 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 RMB69.3 million.

Amount due to related parties decreased by RMB67.3 million mainly due to repayments.

Income tax payable decreased by RMB6.4 million primarily due to tax paid.

Cash flow statement

The Group reported a net decrease of RMB165.6 million in cash and cash equivalents in 12M 2021 mainly due to:

1. Net cash generated from operating activities was RMB52.3 million. This was mainly attributable to (i) operating cash flows before changes in working capital of RMB88.2 million after adjustments mainly for depreciation of property, plant and equipment of RMB12.5 million, depreciation of right-of-use assets of RMB61.7 million and impairment on right-of-use assets of RMB28.4 million; (ii) lower prepayments by RMB28.0 million mainly relating to the purchase of Moutai liquor; (iii) decrease in trade and other receivables by RMB10.1 million largely due to the collection from prepaid cash cards, offset by decrease in trade and other payables by RMB59.1 million as a result of repayment to creditors and related parties.
2. Net cash used in financing activities was RMB70.9 million primarily arising from (i) distribution of dividends amounting to RMB18.3 million; (ii) lease liabilities repayments and interest repayments on lease liabilities of RMB81.3 million; and (iii) bank deposits amounting to RMB40.0 million pledged for the new loan facilities taken up by the Group. The increase was partially offset by loan proceeds of RMB74.8 million.
3. Net cash used in investing activities of RMB146.3 million was mainly attributable to (i) the advances to a joint venture amounting to RMB131.0 million for the outlet project in Wuxi City; and (ii) the acquisition of property, plant and equipment of RMB18.8 million. The decrease was partially offset by dividends of RMB16.2 million received from the Group's associate in Changsha.

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 12M 2021 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, real GDP in China grew 8.1% year-on-year in 2021. Retail sales of consumer products excluding automobiles for 2021 grew 12.9% year-on-year, of which, sales of supermarkets and department stores above-designated sizes increased by 6.0% and 12.8% respectively.

The Group's new outlet mall in Huishan, Wuxi City, with a total built-up area of 368,000 sqm, is scheduled to be operational around May 2022. Together with the outlet mall at Changsha, the two outlet malls will boost a combined area of 590,000 sqm. The other major outlet projects are in the planning stages.

The Group will be changing its financial year-end to 30 June from 31 December starting from the current financial year as previously announced on 15 February 2022.

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

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

No interim dividend has been declared or recommended for 12M 2021.

(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 12M 2021 as the Group was in a loss making position for 12M 2021. 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.	4,925	-
Sales commission charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	810	-
Renewal of lease agreement entered into with a related party (lessor): Quanzhou Zhongmin Baihui Shopping Co., Ltd.	15,160	-

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 financial results for the six-month and twelve-month ended 31 December 2021 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).

BY ORDER OF THE BOARD

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

1 March 2022