

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

I(a) 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 half year ended 31-December-2022

	Note	Group		Change + / (-) %
		6 Mths Ended 31-12-2022 RMB'000	6 Mths Ended 31-12-2021 RMB'000	
Revenue	6	488,495	512,645	(4.71)
Cost of sales		(381,057)	(396,409)	(3.87)
Gross profit		107,438	116,236	(7.57)
Other income		46,877	45,367	3.33
Interest income		3,652	1,564	133.54
Selling and distribution expenses		(106,319)	(108,211)	(1.75)
Finance costs		(12,512)	(8,817)	
Administrative expenses		(53,871)	(58,678)	(8.19)
Loss before tax and share of results of joint ventures and associates		(14,735)	(12,539)	17.51
Share of results of joint ventures and associates				
Share of results of joint ventures		(1,179)	(6,105)	(80.69)
Share of results of associates		7,253	6,865	5.65
Loss before taxation		(8,661)	(11,779)	(26.47)
Income tax expense	8	(128)	(6,557)	(98.05)
Loss after taxation	7	(8,789)	(18,336)	(52.06)
Other comprehensive income :				
Items that may be reclassified subsequently to profit or loss				
Currency translation (loss) / gain		(1,180)	467	N.M.
Other comprehensive income, net of tax		(1,180)	467	N.M.
Total comprehensive income for the period attributable to the owners of the Company		(9,969)	(17,869)	(44.21)

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	
		31-12-2022 RMB'000	30-06-2022 RMB'000	31-12-2022 RMB'000	30-06-2022 RMB'000
Non-current assets					
Property, plant and equipment	9	143,105	149,933	41	14
Right-of-use assets	10	293,476	352,096	381	484
Intangible assets		3,810	3,810	-	-
Investment in subsidiaries		-	-	104,994	104,994
Investment in joint ventures		1,478	2,978	-	-
Investment in associates		76,166	76,696	-	-
Other receivables		12,356	11,314	73	67
Deferred tax assets		8,308	7,941	-	1
Other assets		2,403	2,403	-	-
		<u>541,102</u>	<u>607,170</u>	<u>105,489</u>	<u>105,560</u>
Current assets					
Inventories		163,678	169,749	-	-
Trade and other receivables		33,247	32,786	37	70
Prepayment		36,551	19,770	16	-
Amount due from a subsidiary		-	-	35,798	42,352
Amount due from related parties		37,024	8,649	-	-
Amount due from joint ventures		137,523	193,010	-	-
Amount due from associates		18,900	15,900	-	-
Cash and bank balances		167,907	189,770	3,062	2,724
Restricted cash		40,000	40,000	-	-
		<u>634,830</u>	<u>669,635</u>	<u>38,913</u>	<u>45,145</u>
Less: Current liabilities					
Loans and borrowings	13	124,621	148,730	47,421	44,430
Trade and other payables		454,219	447,649	7	0
Lease liabilities	10	56,564	65,998	274	254
Other liabilities		52,793	51,993	1,519	2,738
Amount due to related parties		27,943	23,207	-	-
Income tax payables		12,920	14,313	-	-
		<u>729,060</u>	<u>751,890</u>	<u>49,221</u>	<u>47,423</u>
Net current liabilities		<u>(94,230)</u>	<u>(82,255)</u>	<u>(10,308)</u>	<u>(2,278)</u>
Non-current Liabilities					
Loans and borrowings	13	10,507	20,835	10,507	12,835
Lease liabilities	10	270,115	328,457	117	237
Deferred tax liabilities		15,341	14,745	10,148	9,987
		<u>295,963</u>	<u>364,037</u>	<u>20,772</u>	<u>23,058</u>
Net assets		<u><u>150,909</u></u>	<u><u>160,878</u></u>	<u><u>74,409</u></u>	<u><u>80,224</u></u>
Equity attributable to the holders of the Company					
Share capital	11	67,148	67,148	67,148	67,148
Treasury shares		(25,093)	(25,093)	(25,093)	(25,093)
Statutory common reserve		37,891	37,891	-	-
Currency translation reserve		(2,855)	(1,106)	(2,865)	6,117
Revenue reserve		73,818	82,038	35,219	32,052
Total Equity		<u><u>150,909</u></u>	<u><u>160,878</u></u>	<u><u>74,409</u></u>	<u><u>80,224</u></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	
	31-12-2022 RMB'000	31-12-2021 RMB'000
Cash flow from operating activities		
Loss before taxation	(8,661)	(11,779)
Adjustments for:		
Depreciation of property, plant and equipment	5,378	6,566
Depreciation of right-of-use assets	31,978	28,987
Inventories written off	151	30
Net gain on disposal of property, plant and equipment	(2)	(5)
Net gain on derecognition of right-of-use assets	(10,531)	-
Net gain on disposal of joint ventures	(22)	-
Reversal of provision for termination of lease	-	(1,762)
Interest income	(3,654)	(1,564)
Finance costs	11,638	8,817
Dividend income	-	-
Share of results of joint ventures	1,179	6,105
Share of results of associates	(7,252)	(6,865)
Unrealised exchange difference	2,662	(743)
Operating cash flows before changes in working capital	<u>22,864</u>	<u>27,787</u>
Decrease / (increase) in Inventories	5,919	(2,042)
Increase in prepayments	(25,422)	(11,209)
Increase in trade and other receivables	(151,430)	(28,199)
Increase in trade and other payables	145,775	9,986
Cash used in operations	<u>(2,294)</u>	<u>(3,677)</u>
Interest received	1,029	1,260
Tax paid	(1,943)	(2,230)
Net cash used in operating activities	<u>(3,208)</u>	<u>(4,647)</u>
Cash flows from financing activities		
Dividend received	-	(18,346)
Purchase of treasury shares	-	(62)
Proceeds from loans and borrowing	77,200	74,800
Interest on loans and borrowings	(3,402)	(1,895)
Interest on lease liabilities	(6,725)	(6,765)
Repayment of loans and borrowing	(115,361)	(2,888)
Repayment of lease liabilities	(29,988)	(29,218)
Bank deposit pledged	-	(40,000)
Net cash flows used in financing activities	<u>(78,276)</u>	<u>(24,374)</u>

	GROUP	
	31-12-2022	31-12-2021
	RMB'000	RMB'000
Cash flows from investing activities		
Dividend received	7,781	16,185
Acquisition of favourable lease agreement	-	(8,275)
Purchase of property, plant and equipment	(954)	-
Proceeds from disposal of property, plant and equipment	2	9
Proceeds from disposal of joint ventures	200	-
Investment in joint venture	-	(1,900)
Investment in associate	-	(3,900)
Amount due from joint venture	55,487	(96,000)
Amount due from associates	(3,000)	1,500
	59,516	(92,381)
Net cash flows generated from / (used in) investing activities		
	(21,968)	(121,402)
Effect of exchange rate changes on cash and cash equivalents	105	(153)
Cash and cash equivalents at beginning of financial period	189,770	280,287
Cash and cash equivalents at end of financial period	167,907	158,732

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise of the following:

Cash on hand	5,000	4,417
Bank balances	162,907	154,315
	167,907	158,732

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	Treasury shares	Currency translation	Revenue reserve	Statutory common	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Group						
Balance at 1 July 2022	67,148	(25,093)	(1,106)	82,038	37,891	160,878
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(1,749)	569	-	(1,180)
Loss for the period	-	-	-	(8,789)	-	(8,789)
Transfer to capital reserve	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(1,749)	(8,220)	-	(9,969)
Balance at 31-December-2022	67,148	(25,093)	(2,855)	73,818	37,891	150,909
Balance at 1 July 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					Total Equity RMB'000
	Share capital	Treasury shares	Currency translation reserve	Revenue reserve		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Company						
Balance at 1 July 2022	67,148	(25,093)	(1,116)	39,285		80,224
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(1,749)	-		(1,749)
Loss for the period	-	-	-	(4,066)		(4,066)
Total comprehensive income for the period	-	-	(1,749)	(4,066)		(5,815)
Balance at 31-December-2022	67,148	(25,093)	(2,865)	35,219		74,409
Balance at 1 July 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

Notes to the condensed interim financial statement

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 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 period ended 30 June 2022.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period, except for the adoption of SFRS(I) that are mandatory for the financial year beginning on or after 1 July 2022. 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. The 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 period ended 30 June 2022.

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 receivables 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:

	Note	Group		Change + / (-) %
		6 Mths Ended 31-Dec-2022 RMB'000	6 Mths Ended 31-Dec-2021 RMB'000	
Revenue				
Direct sales		428,793	444,620	(3.6)
Concessionaire sales		39,212	44,764	(12.4)
Rental income		16,150	19,423	(16.9)
Managed rental		4,340	3,838	13.1
		<u>488,495</u>	<u>512,645</u>	(4.7)
Gross revenue from concessionaires sales		<u>246,197</u>	<u>252,415</u>	(2.5)
Gross sales proceeds*		<u>695,481</u>	<u>720,296</u>	(3.4)

*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 before taxation**

Loss before tax is arrived at after (charging) / crediting the following:

	Group		Change + / (-) %
	6 Mths Ended 31-Dec-2022 RMB'000	6 Mths Ended 31-Dec-2021 RMB'000	
Inventories written off	(151)	(30)	402.7
Other income:			
Management fees	2,476	2,477	(0.0)
Advertisement and promotion fees	31,394	35,475	(11.5)
Leisure facilities charges	450	596	(24.5)
Net gain on disposal of property, plant and equipment	2	5	(65.0)
Job support grant	-	(1)	(100.0)
Exchange (loss) / gain	(1,786)	635	N.M.
Selling and distribution expenses:			
Employee benefit expenses			
Defined contribution plans	(6,251)	(5,285)	18.3
Salaries, wages, bonuses and other costs	(40,536)	(37,488)	8.1
Advertisement and promotion fees	(2,526)	(3,349)	(24.6)
Business and surcharges	(3,177)	(3,668)	(13.4)
Depreciation of right-of-use assets	(31,978)	(28,987)	10.3
Administrative expenses:			
Employee benefit expenses			
Defined contribution plans	(3,674)	(3,167)	16.0
Salaries, wages, bonuses and other costs	(35,229)	(34,644)	1.7
Director fees	(355)	(339)	4.8
Depreciation of property, plant and equipment	(5,378)	(6,566)	(18.1)

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 + / (-) %
	6 Mths Ended 31-Dec-2022	6 Mths Ended 31-Dec-2021	
	RMB'000	RMB'000	
Current income tax	550	4,409	(87.53)
Deferred tax income (expense) relating to origination and reversal of temporary differences	(422)	2,148	N.M.
	<u>128</u>	<u>6,557</u>	

9 Property, plant and equipment ("PPE")

During HY 2023, the Group acquired PPE amounting to RMB 0.95 million and disposed RMB 2.4 million of the assets.

10 Right-of-use assets / leases

During HY 2023, the Group has depreciated about RMB 32.0 million of its right-of-use assets, which relate to the long term leases for the stores. There is no addition or renewal of leases during the period.

11 Share capital

	31-December-2022		30-June-2022	
	No. of ordinary shares	Paid up share capital	No. of ordinary shares	Paid up share capital
	000	RMB'000	000	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.

13 Loan and borrowings

Amount repayable in one year or less, or on demand

As at 31-12-2022		As at 30-06-2022	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
77,200	47,421	94,300	54,430

Amount repayable after one year

As at 31-12-2022		As at 30-06-2022	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	10,507	8,000	12,835

As at 31 December 2022, total bank borrowings of RMB 77.2 million were interest bearing and secured by fixed deposits and a store owned by the Group.

The Group's unsecured interest bearing borrowings consists of RMB 41.1 million of bonds issued by the Company and a bank borrowing of RMB 16.9 million.

14 Related party transactions

Other than the related party information disclosed elsewhere in the condensed interim financial statements, the following are significant related party transactions entered into by the Group with related parties:

	Group	
	6 Mths Ended 31-12-2022 RMB'000	6 Mths Ended 31-12-2021 RMB'000
Concessionaire income from companies in which Directors have an interest	716	646
Advertisement income received from companies in which Directors have an interest	12	25
Management fees from a company in which Directors have an interest	2,476	2,477
Sales commission charged by a company in which Directors have an interest	249	79
Rental fees charged by a company in which Directors have an interest	14,531	15,281
Depreciation of right to use lease properties owned by a company in which Directors have an interest	2,254	2,268
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	267	454

15 Subsequent events

There is no subsequent event as per the date of this report.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buybacks, 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 sued 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 shares held against the total number of shares outstanding in the 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 HY 2023.

There were no outstanding convertibles issued or subsidiary holdings as at 31 December 2022 and 31 December 2021.

The number of treasury shares held by the Company were 4,572,300 as at 31 December 2022 (31 December 2021: 4,572,300).

As at 31 December 2022, the number of treasury shares held by the Company constituted 2.4% (31 December 2021: 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 2022 were 191,747,000 (31 December 2021: 191,747,000).

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.

	<u>6 Mths Ended</u> 31-12-2022	<u>6 Mths Ended</u> 31-12-2021
Balance at beginning of financial period	4,572,300	4,552,300
Purchase of treasury shares	-	20,000
Balance at end of financial period	<u>4,572,300</u>	<u>4,572,300</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 Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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 to 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 30 June 2022.

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 July 2022. 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 weighted average number of ordinary shares
 (b) Based on fully diluted basis

	<u>6 Mths Ended</u> 31-12-2022	<u>6 Mths Ended</u> 31-12-2021
	RMB	RMB
	Cents	Cents
(a) Based on weighted average number of ordinary shares	(4.58)	(9.56)
(b) Based on a fully diluted basis	(4.58)	(9.56)
Weighted average number of shares applicable to basic earning per share	<u>191,747,700</u>	<u>191,760,417</u>
Weighted average number of shares based on fully diluted basis	<u>191,747,700</u>	<u>191,760,417</u>

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.

	<u>Group</u>		<u>Company</u>	
	Cents		Cents	
	<u>31-12-2022</u>	<u>30-06-2022</u>	<u>31-12-2022</u>	<u>30-06-2022</u>
	RMB	RMB	RMB	RMB
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	<u>78.70</u>	<u>83.90</u>	<u>38.81</u>	<u>41.84</u>

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 review of the statement of comprehensive income for the six-month ended 31 December 2022 ("HY 2023") and 31 December 2021 ("HY 2022") is as follows:-

The Group recorded revenues of RMB 488.5 million (HY2022: RMB 512.6 million), a decrease of RMB 24.1 million. One main reason for the drop in revenue is due to loss in sales from the Lvcoo Store and the Qingyang Store as both stores were closed in HY2022 (August 2022) resulting in the Group being able to book revenues from these stores only for about one month in HY2023. No new stores were opened in HY2023.

Gross profits for HY2023 was about RMB 107 million, compared with RMB 116 million in HY2022. The decrease in gross profit was mainly due to the decrease in revenue.

Gross profit margins in HY2023 was 22%, relatively unchanged from HY2022.

The Group's cost of sales relates solely to its direct sales activities. The gross profit margin for these direct sales activities remained unchanged at 11.1% (HY2022: 10.8%). The Group's gross profit and gross profit margin in respect to the direct sales activities are set out as per below:-

	6-month ended 31-Dec-2022 RMB'000	6-month ended 31-Dec-2021 RMB'000	Change + / (-) %
Revenue from direct sales activities	428,795	444,620	(3.6)
Cost of sales	(381,057)	(396,409)	(3.9)
Gross profit from direct sales activities	<u>47,738</u>	<u>48,211</u>	(1.0)
Gross profit margin on direct sales activities	11.1%	10.8%	0.3%

Other income increased by RMB 1.51 million, from RMB 45.37 million in HY2022 to RMB 46.88 million in HY2023. This was mainly due to a gain of RMB 10.53 million arising from the derecognition of a right-of-use asset in respect of the termination of the lease at the Group's Lvcoo Store. This gain was offset by a decrease in advertisement income of RMB 4.08 million, and an exchange loss of RMB 2.41 million.

Selling expenses decreased by RMB 1.9 million, from RMB 108.2 million in HY2022 to RMB 106.3 million in HY2023. This was mainly due to a reduction in advertising expenses of about RMB 823,000, a reduction of business and surcharges of RMB 491,000, and a reduction in other expense including utilities and delivery fees of about RMB 586,000.

The reduction in these selling expenses arose mainly from the closure of the Lvcoo Store and the Qingyang Store in HY2023 (August 2022). As a result, there were no selling activities incurred by these two stores subsequent to its closure.

Administrative expenses decreased by RMB 4.81 million, from RMB 58.68 million in HY2022 to RMB 53.87 million in in HY2023. This was mainly due to a decrease of RMB 1.2 million in depreciation of property, plant and equipment, and a one-time renovation cost of RMB 3.8 million incurred in HY2022 that did not recur in HY2023.

Finance costs increased by RMB 3.7 million, from RMB 8.8 million in HY2022 to RMB12.5 million in HY2023 mainly due to higher loans and borrowings taken up in HY2023.

The aggregated share of results of joint-ventures and share of results of associates increased by RMB 5.31 million, from RMB 6.07 million in HY2023, compared to RMB 760,000 in HY2022. The reasons for the changes are set out as follows :-

- (1) Share of loss of a joint venture (Wuxi Shi Yueshang Outlets Co., Ltd.) was reduced by RMB 4.88 million, from RMB 6.03 million HY2022 to RMB 1.15 million in HY2023;
- (2) Share of profit of an associate (Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd.) increased by RMB 1.57 million, from RMB 7.88 million in HY2022 to RMB 9.45 million in HY2023;
- (3) An increase in share of losses from two other associates (Citi-Base Commercial Logistics (Xiamen) Co., Ltd. and Xiamen Citi-Base Commerce Co., Ltd.) of RMB 1.17 million, from RMB 1.02 million in HY2022, to RMB 2.2 million in HY2023; and
- (4) A reduction in share of losses from four joint ventures which were disposed in August 2022. There was no more share of losses from these joint ventures after these disposals.

The Group recorded income tax expense of RMB 0.13 million relating mainly to taxation obligations on its profitable entities

As a result of the preceding factors mentioned, the Group recorded a loss after taxation of RMB 8.8 million in HY2023, compared to a loss after taxation of RMB 11.8 million in HY2022.

Statements of Financial Position

Below is a review of the Statements of Financial Position as at 31 December 2022 compared with 30 June 2022.

Non-current assets

Property, plant and equipment decreased by RMB 6.83 million. Apart from depreciation expenses of RMB 5.38 million, the Group acquired about RMB 0.95 million while disposing about RMB 2.4 million of assets in HY2023.

Right-of-use assets was recorded at RMB 293.5 million, a reduction of RMB 58.6 million. This is a result of derecognition of a lease on the Lvcoo Store of RMB 26.6 million, and depreciation expenses of RMB 32 million

Investment in associates and joint ventures decreased by an aggregate RMB 2.01 million. This was due to share of profit from associates of RMB 7.25 million; set off by (i) share of losses from joint ventures of RMB 1.18 million; (ii) dividend income of RMB 7.78 million; and (iii) disposal of four joint ventures at a combined carrying value of RMB 0.3 million.

Other receivables increased by RMB 1.0 million mainly resulted from recognition of interest income in respect of lease deposits placed with the landlords.

Current assets

Inventories decreased by RMB 6.07 million, which is in line with decrease in revenue.

Prepayment increased by RMB 16.8 million mainly due to higher amounts of advances to suppliers to procure goods for which delivery was not received by the 31 December 2022.

The amount due from joint ventures has decreased by RMB 55.5 million due to partial repayment of shareholder loans by a joint venture company.

The amount due from associates increased by RMB 3.0 million as there was a shareholder loan provided to one of the Group's associates in HY2023.

Current liabilities

Trade and other payables increased by RMB 6.6 million, mainly due to an increase in advance receipts from customers in a form of prepaid cards sold.

Amount due to related parties increased by RMB 4.74 million during the year.

Reduction in income tax payables arose from partial payment of prior year balance in HY2023.

Loans and borrowings (current and non-current)

Total loans and borrowings amounted to RMB 135.1 million, a decrease of RMB 34.4 million. This was due to loan repayments of RMB 115.4 million, set off by (i) RMB 77.2 million of new loans and (ii) RMB 3.8 million of unrealised foreign exchange loss capitalised.

Lease liabilities (current and non-current)

Lease liabilities decreased by RMB 67.2 million due to repayments (net of interest expenses) amounting to RMB 36.7 million and de-recognition of a lease liability due to early termination amounting to RMB 37.2 million. These were set off by other lease related payables and prepayments of RMB 6.7 million.

The Group reported a net current liabilities position as at 31 December 2022.

Cash flow statement

The Group reported net cash and cash equivalents of RMB 168 million as at 31 December 2022.

Cash used in operating activities

Net cash used in operating activities was about RMB 3.2 million in HY2023 (HY2022: negative RMB 4.6 million).

This was attributed to loss before taxation of RMB 8.7 million, adjustments for non-cash items including depreciation expenses of RMB 37.4 million, finance costs of RMB 11.6 million, gain on derecognition of right-of-use asset of RMB 10.5 million, combined share of profits of joint ventures and associates of RMB 6.07 million to arrive at operating cash flows before changes in working capital of RMB 22.9 million.

After adjusting for working capital changes such as increases in prepayments of RMB 25.4 million, increases in trade and other receivables of RMB 151.4 million and increases in trade and other payables of RMB 145.8 million as well as adjustments for receipt of interest of RMB 1.03 million and tax payment of RMB 1.94 million, the Group's net cash used in operating activities amounted to RMB3.2 million.

Cash used in financing activities

Cash used in financing activities was about RMB 78.3 million. RMB 118.8 million was used to repay the Group's principal value of loans, borrowings and interest. Another RMB 36.7 million was used to repay the principal value and the interest expense of lease liabilities. During HY2023, the Group obtained new loans of RMB 77.2 million.

Cash generated from investing activities

Net cash generated from investing activities was about RMB 59.5 million. This included a dividend received from an associate of RMB 7.8 million, loan repayment of RMB 55.5 million from a joint venture. These were set off against the cash outflow due to a loan extended to an associate, and the purchase of property, plant and equipment for about RMB 0.95 million.

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

There has not been any forecast or prospect statement in relation to the Group's results previously disclosed to shareholders.

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 grew 3.0% year-on-year in 2022 and 2.9% in last quarter of 2022, while retail sales of consumer products excluding automobiles decreased 0.2% year-on-year in 2022. Restrictive COVID-19 measures that resulted in severely curtailed retail operations of most businesses throughout the country were largely removed only in December 2022 after several years of such measures being in place. The Group's retail operations and business were also correspondingly affected over this period. Now, we do expect China's economy to begin the process of recovery and over time, whilst remaining cautiously optimistic, the Group's business ought to similarly improve with consumers coming back to the market.

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 HY 2023.

(b) Amount per share;

Not applicable.

(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 reason(s) for the decision.

No interim dividend has been declared or recommended as the Group was in loss-making position for HY 2023. 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 820)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	(RMB'000)	(RMB'000)
Concessionaire income from Quangang store charged to a related party: Fujian Hancal Garments Co. Ltd	716	15,160
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	2,476	2,477
Sales commission charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	249	810
Rental fees charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	14,531	15,281

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

14 Negative confirmation pursuant to the 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 half year ended 31 December 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 7H) 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 LIMITED
LEE SWEE KENG
EXECUTIVE CHAIRMAN

15 February 2023