

**ZHONGMIN BAIHUI RETAIL GROUP LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 200411929C)

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**MATERIAL VARIANCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND  
AUDITED FINANCIAL STATEMENTS FOR THE EIGHTEEN-MONTH ENDED 30 JUNE 2022**

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The Board of Directors of Zhongmin Baihui Retail Group Ltd. (the "Company", and together with its subsidiaries, collectively, the "Group") refers to the announcement in relation to the unaudited financial statement for the six-month and eighteen-month ended 30 June 2022 ("FP 2022") released via SGXNet on 29 August 2022 (the "FY2022 Unaudited Financial Statements").

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Board wishes to clarify the material variances between the audited financial statements of the Group for FY2022 (the "Audited Financial Statements") and the Unaudited Financial Statements following the finalisation of the audit.

The details of the material variances between the Audited Financial Statements and the Unaudited Financial Statements are set out below:

By Order of the Board

Lee Swee Keng  
Executive Chairman  
10 November 2022

## Consolidated statement of comprehensive income

	<b>Group</b>			<b>Note</b>
	<b>Audited Financial Statements</b>	<b>Unaudited Financial Statements</b>	<b>Variances</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	
<b>Revenue</b>	1,609,606	1,597,406	12,200	1
<b>Cost of sales</b>	(1,231,286)	(1,225,138)	(6,148)	2
<b>Gross profit</b>	<u>378,320</u>	<u>372,268</u>		
Other income	130,511	124,471	6,040	3
Interest income	8,761	2,454	6,307	4
Selling and distribution expenses	(321,946)	(313,423)	(8,523)	5
Finance costs	(27,362)	(27,362)	-	
Administrative expenses	(177,502)	(174,878)	(2,624)	6
<b>Loss before taxation and share of results of joint ventures and associates</b>	<u>(9,218)</u>	<u>(16,470)</u>		
Share of results of joint ventures	(14,347)	(14,347)	-	
Share of results of associates	23,297	23,297	-	
<b>Loss before taxation</b>	<u>(268)</u>	<u>(7,520)</u>		
Income tax expense	(32,776)	(8,245)	(24,531)	7
<b>Loss after taxation</b>	<u>(33,044)</u>	<u>(15,765)</u>		
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Loss on foreign currency translation	(816)	(816)	-	
Other comprehensive income, net of tax	<u>(816)</u>	<u>(816)</u>		
<b>Total comprehensive income for the period attributable to the owners of the Company</b>	<u>(33,860)</u>	<u>(16,581)</u>		

**Notes**

<b>1 Revenue</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>1,597,406</b>
a	Adjustment for expected breakage of loyalty program	383
b	Adjustment for expected breakage of prepaid card	483
c	Recognition of revenue from prepaid card	6,229
d	To account for sales and cost pertaining to sales of re-purchase golds, which was accounted for its net gains earlier	6,148
e	Amortisation of step rental income	(1,383)
f	Recognition of rental income by transferring from deposit collected from tenants	416
g	Adjustment of overstated rental income	(76)
<b>As per audited financial statement</b>		<b>1,609,606</b>

<b>2 Cost of sales</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>1,225,138</b>
a	To account for sales and cost pertaining to sales of re-purchase golds, which was accounted for its net gains earlier	6,148
<b>As per audited financial statement</b>		<b>1,231,286</b>

<b>3 Other income</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>124,471</b>
a	Recognition of year-end advertisement income generated from concessionaire sales	6,242
b	Adjustment of understated other income	143
c	Reclassification of realised foreign exchange loss from other expenses to other income	(345)
<b>As per audited financial statement</b>		<b>130,511</b>

<b>4 Interest income</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>2,454</b>
a	Recognition of interest income yield from fixed deposit	6,307
<b>As per audited financial statement</b>		<b>8,761</b>

<b>5 Selling and distribution expenses</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>313,423</b>
a	Reversal of year 2020 accrued staff social insurance and housing fund	(1,127)
b	Additional accrual for staff social insurance and housing funds under-provided for the year	5,459
c	Accrual of sales tax resulted from recognition of year-end advertisement income generated from concessionaire sales	45
d	Accrual of local sales tax related expenses	842
e	Reversal of point redemption fee in relation to loyalty program accrued in year 2020 against current year incurred	(918)
f	Reclassification of prior year advance rental payment from rental expenses to offset against lease liabilities	(555)
g	Provision of depreciation for right-of-use asset being under-provided for the year	3,448
h	Bank card promotion related expenses formerly taken up as receivables due from bank, now adjusted as expenses as it is to be borne by the company	1,329
<b>As per audited financial statement</b>		<b>321,946</b>

<b>6 Administrative expenses</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>174,878</b>
a	Reversal of year 2020 accrued staff social insurance and housing fund	(761)
b	Additional accrual for staff social insurance and housing funds under-provided for the year	3,433
c	Impairment of property, plant and equipment for loss-making stores	6,108
d	Transfer of rental receivable to other expenses wrongly taken up	39
e	Reversal of depreciation provided for impaired property, plant & equipment	(112)
f	Provision of depreciation for property, plant & equipment under-provided for the year	228
g	Adjustment to over reversal of depreciation for property, plant & equipment fully impaired in year 2019	185
h	Write-back of prior year impairment on right-of-use asset	(6,151)
i	Reclassification of realised foreign exchange loss from other expenses to other income	(345)
<b>As per audited financial statement</b>		<b>177,502</b>

<b>7 Income tax expense</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>8,245</b>
a	Reversal of deferred tax assets resulted from adjustment for expected breakage of loyalty program	96
b	Accrual of deferred tax liabilities resulted from adjustment for expected breakage of prepaid card	121
c	Accrual of deferred tax liabilities in relation to recognition of fixed deposit interest income	1,577
d	Reversal of prior year deferred tax liabilities accrued for fixed deposit interest income	(48)
e	Provision of income tax for current year	11,256
f	Reversal of deferred tax liabilities resulted from amortisation of step rental income	(346)
g	Adjustment to over-recognition of deferred tax assets in prior year in relation to prepaid rental	138
h	Reversal of deferred tax assets recognised for closure store	11,079
i	Reversal of deferred tax assets as a result of reversal of depreciation on impaired property, plant & equipment	28
j	Recognition of deferred tax assets for under-provision of depreciation for right-of-use asset being under-provided for the year	(862)
k	Adjustment to over reversed deferred tax assets resulted from over reversal of depreciation for property, plant & equipment fully impaired in year 2019	(46)
l	Reversal of deferred tax assets resulted from write-back of prior year impairment on right-of-use asset	1,538
<b>As per audited financial statement</b>		<b>32,776</b>

## Statement of financial position

	Group			Company			Note
	Audited Financial Statements	Unaudited Financial Statements	Variations	Audited Financial Statements	Unaudited Financial Statements	Variations	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Non-current assets</b>							
Property, plant and equipment	149,333	156,342	(6,409)	14	14	-	8
Right-of-use assets	352,396	349,393	2,703	484	484	-	9
Intangible assets	3,810	3,810	-	-	-	-	
Investment in subsidiaries	-	-	-	104,994	104,994	-	
Investment in joint ventures	2,978	2,978	-	-	-	-	
Investment in associates	76,396	76,696	-	-	-	-	
Other receivables	11,314	11,314	-	67	67	-	
Deferred tax assets	7,941	19,912	(11,971)	1	1	-	10
Other assets	2,403	3,786	(1,383)	-	-	-	11
	<u>607,171</u>	<u>624,231</u>		<u>105,560</u>	<u>105,560</u>		
<b>Current assets</b>							
Inventories	169,749	169,749	-	-	-	-	
Prepayments	19,770	19,274	496	31	31	-	12
Trade and other receivables	32,787	28,181	4,606	39	39	-	13
Amount due from a subsidiary	-	-	-	42,352	42,352	-	
Amount due from an associate	15,900	12,900	3,000	-	-	-	14
Amount due from a joint venture	193,010	193,010	-	-	-	-	
Amount due from related parties	8,349	8,099	550	-	-	-	15
Restricted cash	40,000	40,000	-	-	-	-	
Cash and cash equivalents	189,770	190,862	(1,092)	2,724	2,724	-	16
	<u>669,535</u>	<u>662,075</u>		<u>45,146</u>	<u>45,146</u>		
<b>Less: Current liabilities</b>							
Loans and borrowings	148,730	138,230	10,500	44,430	44,430	-	17
Trade and other payables	447,349	470,646	(22,997)	-	-	-	18
Lease liabilities	65,998	65,051	947	254	254	-	19
Other liabilities	51,993	44,761	7,232	2,739	2,739	-	20
Amount due to related parties	23,207	23,170	37	-	-	-	21
Income tax payable	14,313	3,057	11,256	-	-	-	22
	<u>751,390</u>	<u>744,915</u>		<u>47,423</u>	<u>47,423</u>		
<b>Net current liabilities</b>	<u>(82,255)</u>	<u>(82,840)</u>		<u>(2,277)</u>	<u>(2,277)</u>		
<b>Non-current liabilities</b>							
Loans and borrowings	20,835	21,335	(500)	12,835	12,835	-	17
Lease liabilities	328,457	328,457	-	237	237	-	
Deferred tax liabilities	14,745	13,441	1,304	9,987	9,987	-	23
	<u>364,037</u>	<u>363,233</u>		<u>23,059</u>	<u>23,059</u>		
<b>Net assets</b>	<u>160,879</u>	<u>178,158</u>		<u>80,224</u>	<u>80,224</u>		
<b>Equity attributable to the holders of the Company</b>							
Share capital	67,148	67,148	-	67,148	67,148	-	
Treasury shares	(25,093)	(25,093)	-	(25,093)	(25,093)	-	
Statutory common reserve	37,991	37,891	-	-	-	-	
Currency translation reserve	(1,106)	(1,106)	-	(1,116)	(1,116)	-	
Reserves	82,039	99,318	(17,279)	39,285	39,285	-	1 to 7
<b>Total equity</b>	<u>160,879</u>	<u>178,158</u>		<u>80,224</u>	<u>80,224</u>		

Notes

<b>8 Property, plant and equipment</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>156,342</b>
a	Impairment of property, plant and equipment for loss-making stores	(6,108)
b	Reversal of depreciation provided for impaired property, plant & equipment	112
c	Provision of depreciation for property, plant & equipment under-provided for the year	(228)
d	Adjustment to over reversal of depreciation for property, plant & equipment fully impaired in year 2019	(185)
<b>As per audited financial statement</b>		<b>149,933</b>

<b>9 Right-of-use assets</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>349,393</b>
a	Provision of depreciation for right-of-use asset being under-provided for the year	(3,448)
b	Write-back of prior year impairment on right-of-use asset	6,151
<b>As per audited financial statement</b>		<b>352,096</b>

<b>10 Deferred tax assets</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>19,912</b>
a	Reversal of deferred tax assets resulted from adjustment for expected breakage of loyalty program	(96)
b	Adjustment to over-recognition of deferred tax assets in prior year in relation to prepaid rental	(138)
c	Reversal of deferred tax assets recognised for closure store	(11,079)
d	Reversal of deferred tax assets as a result of reversal of depreciation on impaired property, plant & equipment	(28)
e	Recognition of deferred tax assets for under-provision of depreciation for right-of-use asset being under-provided for the year	862
f	Adjustment to over reversed deferred tax assets resulted from over reversal of depreciation for property, plant & equipment fully impaired in year 2019	46
g	Reversal of deferred tax assets resulted from write-back of prior year impairment on right-of-use asset	(1,538)
<b>As per audited financial statement</b>		<b>7,941</b>

<b>11 Other assets</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>3,786</b>
a	Amortisation of step rental income	(1,383)
<b>As per audited financial statement</b>		<b>2,403</b>

<b>12 Prepayments</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>19,274</b>
a	Offset prepayment made to vendor against trade payables	(492)
b	Reclassification of debit balance of trade payables to prepayment made to vendor	2,535
c	Being reclassification of credit balances in prepaid rent to other payables	(1,547)
<b>As per audited financial statement</b>		<b>19,770</b>

<b>13 Trade and other receivables</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>28,181</b>
a	Recognition of interest income yield from fixed deposit	6,307
b	Reclassification of cash amounts held by stores from cash to other receivables	1,092
c	Reversal of point redemption fee in relation to loyalty program accrued in year 2020 against current year incurred	918
d	Reclassification of credit balance of trade receivables for advance payment from customers to other payables	1,277
e	Reclassification of account from amount due from related company to other receivables as the amount is due from external party	10
f	Reclassification of amount due from related party from other receivables to amount due from related party	(730)
g	Reclassification of other payables to trade receivables	(315)
h	Adjustment of overstated rental income	(115)
i	Adjustment of understated other income	143
j	Reclassification of amount due from associate company from other receivables to amount due from associate company	(2,821)
k	Bank card promotion related expenses formerly taken up as receivables due from bank, now adjusted as expenses as it is to be borne by the company	(1,329)
l	Transfer of value added tax payables from credit side of other receivables to other liabilities	169
<b>As per audited financial statement</b>		<b>32,787</b>

<b>14 Amount due from an associate</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>12,900</b>
a	Reclassification of amount due from associate company from other receivables to amount due from associate company	3,000
<b>As per audited financial statement</b>		<b>15,900</b>

<b>15 Amount due from related parties</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>8,099</b>
a	Reclassification of debit balance of trade payables to prepayment made to vendor	9
b	Reclassification of account for amount due from external parties from amount due from related to other receivables	(10)
c	Reclassification of amount due from related party from other receivables to amount due from related party	730
d	Reclassification of amount due from associate company wrongly classified under amount due from related company	(179)
<b>As per audited financial statement</b>		<b>8,649</b>

<b>16 Cash and cash equivalents</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>190,862</b>
a	Reclassification of cash amounts held by stores from cash to other receivables	(1,092)
<b>As per audited financial statement</b>		<b>189,770</b>

<b>17 Loans and borrowings</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>159,565</b>
a	Reclassification of account from other payables to loan and borrowings for an amount due to bank	10,000
<b>As per audited financial statement</b>		<b>169,565</b>

<b>18 Trade and other payables</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>470,646</b>
a	Offset of year-end advertisement income generated from concessionaire sales against amount due to concessionaire partner	(6,616)
b	Offset prepayment made to vendor against trade payables	(492)
c	Reclassification of debit balance of trade payables to prepayment made to vendor	2,544
d	Being reclassification of credit balances in prepaid rent to other payables	(1,547)
e	Recognition of revenue from prepaid card	(6,229)
f	Adjustment for expected breakage of prepaid card	(483)
g	Accrual of local sales tax related expenses	842
h	Reclassification of credit balance of trade receivables for advance payment from customers to other payables	1,241
i	Transfer lease liabilities taken up as other payables to lease liabilities	(1,502)
j	Reclassification of account from other payables to loan and borrowings for an amount due to bank	(10,000)
k	Reclassification of other payables to trade receivables	(315)
l	Recognition of rental income by transferring from deposit collected from tenants	(440)
<b>As per audited financial statement</b>		<b>447,649</b>

<b>19 Lease liabilities</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>65,051</b>
a	Transfer lease liabilities taken up as other payables to lease liabilities	1,502
b	Reclassification of prior year advance rental payment from rental expenses to offset against lease liabilities	(555)
<b>As per audited financial statement</b>		<b>65,998</b>

<b>20 Other liabilities</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>44,761</b>
a	Adjustment for expected breakage of loyalty program	(383)
b	Reversal of year 2020 accrued staff social insurance and housing fund	(1,888)
c	Additional accrual for staff social insurance and housing funds under-provided for the year	8,892
d	Accrual of sales tax resulted from recognition of year-end advertisement income generated from concessionaire sales	419
e	To account for value added tax as a result of recognition of rental income by transferring from deposit collected from	23
f	Transfer of value added tax payables from credit side of other receivables to other liabilities	169
<b>As per audited financial statement</b>		<b>51,993</b>

<b>21 Amount due to related parties</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>23,170</b>
a	Reclassification of amount due to related company from other payables to amount due to related company	37
<b>As per audited financial statement</b>		<b>23,207</b>

<b>22 Income tax payable</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>3,057</b>
a	Provision of income tax for current year	11,256
<b>As per audited financial statement</b>		<b>14,313</b>

<b>23 Deferred tax liabilities</b>		<b>RMB'000</b>
<b>As per unaudited financial statement</b>		<b>13,441</b>
a	Accrual of deferred tax liabilities in relation to recognition of fixed deposit interest income	1,577
b	Accrual of deferred tax liabilities resulted from adjustment for expected breakage of prepaid card	121
c	Reversal of deferred tax liabilities resulted from amortisation of step rental income	(346)
d	Reversal of prior year deferred tax liabilities accrued for fixed deposit interest income	(48)
<b>As per audited financial statement</b>		<b>14,745</b>



## Consolidated cash flow statement

	Group			Note
	Audited	Unaudited	Variances	
	Financial Statements	Financial Statements	RMB'000	
	RMB'000	RMB'000	RMB'000	
<b>Cash flows from operating activities</b>				
Loss before taxation	(268)	(7,520)	7,252	
Adjustments for:				
Depreciation of property, plant and equipment	19,422	19,121	301	6(e) to 6(g)
Depreciation of right-of-use assets	98,839	95,391	3,448	5(g)
Impairment on property, plant and equipment	9,068	2,960	6,108	6(c)
Net gain on disposal of property, plant and equipment	(432)	(363)	(69)	24
Amortisation of step rental income	1,383	-	1,383	1(e)
Provision for termination of lease	17,146	17,146	-	
Reversal of provision for termination of lease	(1,762)	(1,762)	-	
Write-back of impairment loss	(6,151)	-	(6,151)	6(h)
Inventories written off	66	66	-	
Interest income	(8,761)	(2,454)	(6,307)	4(a)
Finance costs	27,362	27,362	-	
Share of results of joint ventures	14,347	14,347	-	
Share of results of associates	(23,297)	(23,297)	-	
Unrealised exchange difference	(1,339)	(1,408)	69	
<b>Operating cash flows before changes in working capital</b>	<b>145,623</b>	<b>139,589</b>	<b>-</b>	
(Increase) / decrease in inventories	(10,271)	(10,271)	-	
Decrease / (increase) in prepayments	47,756	48,252	(496)	12
(Increase) / decrease in trade and other receivables	(10,722)	4,334	(15,056)	13, 14, 15 & 25
Increase / (decrease) in trade and other payables	(16,351)	(623)	(15,728)	18, 20 & 21
<b>Cash flows generated from operation</b>	<b>156,035</b>	<b>181,281</b>	<b>-</b>	
Interest received	7,834	1,527	6,307	4(a)
Interest paid	-	(2,652)	2,652	26
Tax paid	(28,863)	(28,863)	-	
<b>Net cash flows generated from operating activities</b>	<b>135,006</b>	<b>151,293</b>	<b>-</b>	
<b>Cash flows from financing activities</b>				
Dividends paid	(18,346)	(18,346)	-	
Interest on lease liabilities paid	(18,356)	(18,356)	-	
Interest paid on loans and bonds	(6,790)	(4,138)	(2,652)	26
Purchase of treasury shares	(62)	(62)	-	
Proceeds from loans and borrowings	113,300	103,300	10,000	17
Repayment of loans and borrowings	(6,268)	(6,268)	-	
Repayment of lease liabilities	(93,079)	(94,026)	947	19
Bank deposit pledged	(40,000)	(40,000)	-	
<b>Net cash flows used in from financing activities</b>	<b>(69,601)</b>	<b>(77,896)</b>	<b>-</b>	
<b>Cash flows from investing activities</b>				
Dividend received	24,569	24,569	-	
Purchases of property, plant and equipment	(21,964)	(21,964)	-	
Investment in joint ventures	(8,770)	(8,770)	-	
Investment in associates	-	(6,900)	6,900	25
Amount due from a joint venture	(193,010)	(193,010)	-	
Proceeds from disposal of property, plant and equipment	609	609	-	
<b>Net cash flows used in investing activities</b>	<b>(198,566)</b>	<b>(205,466)</b>	<b>-</b>	
Net increase/(decrease) in cash and cash equivalents	(133,161)	(132,089)	-	
Effect of exchange rate changes on cash and cash equivalents	(1,415)	(1,415)	-	
Cash and cash equivalents at beginning of financial period	324,346	324,346	-	
<b>Cash and cash equivalents at end of financial period</b>	<b>189,770</b>	<b>190,862</b>	<b>-</b>	
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:				
Cash on hand	3,759	4,851	-	
Bank balances	186,011	186,011	-	
	<b>189,770</b>	<b>190,862</b>	<b>-</b>	

### Notes

24 Understatement of RMB69,000 net gain on disposal of property, plant and equipment

25 Amount of RMB6,900,000 invested in an associate was not by cash, which was offset against amount due by the associate.

26 Reclassified of interest paid on loan from operating activities to financing activities.