

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 half year ended 31-December-2023

	Note	Group		
		6 Months Ended	6 Months Ended	Change
		31-12-2023	31-12-2022	+ / (-)
		RMB'000	RMB'000	%
Revenue	6	489,127	488,495	0.1
Cost of sales		(375,996)	(381,057)	(1.3)
Gross profit		113,131	107,438	5.3
Other income		43,266	46,877	(7.7)
Interest income		2,129	3,652	(41.7)
Selling and distribution expenses		(103,489)	(106,319)	(2.7)
Administrative expenses		(55,097)	(53,871)	2.3
Finance costs		(9,719)	(12,512)	(22.3)
Loss before tax and share of results of joint ventures and associates		(9,779)	(14,735)	(33.6)
Share of results of joint ventures and associates				
Share of results of joint ventures		1	(1,179)	N.M.
Share of results of associates		11,011	7,253	51.8
Profit / (loss) before taxation		1,233	(8,661)	N.M.
Income tax credit / (expense)	8	396	(128)	N.M.
Profit / (loss) after taxation	7	1,629	(8,789)	N.M.
Other comprehensive income :				
Items that may be reclassified subsequently to profit or loss				
Currency translation loss		(18)	(1,180)	(98.5)
Other comprehensive loss, net of tax		(18)	(1,180)	(98.5)
Total comprehensive income / (loss) for the period attributable to the owners of the Company		1,611	(9,969)	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	
		31-12-2023 RMB'000	30-06-2023 RMB'000	31-12-2023 RMB'000	30-06-2023 RMB'000
Non-current assets					
Property, plant and equipment	9	119,424	126,327	57	34
Right-of-use assets	10	221,906	259,752	117	257
Intangible assets		3,810	3,810	-	-
Investment in subsidiaries		-	-	58,988	58,988
Investment in joint ventures		1,483	1,481	-	-
Investment in associates		73,964	77,220	-	-
Other receivables		10,892	10,822	79	77
Deferred tax assets		11,163	11,113	-	1
Other assets		45	45	-	-
		442,687	490,570	59,241	59,357
Current assets					
Inventories		161,480	161,549	-	-
Trade and other receivables		20,482	24,903	4	-
Prepayments		8,231	8,307	21	55
Amount due from a subsidiary		-	-	27,730	27,322
Amount due from related parties		5,229	4,469	-	-
Amount due from joint ventures		207,523	207,523	-	-
Amount due from associates		44,400	38,400	-	-
Cash and bank balances		114,454	152,237	19,643	6,509
Fixed deposits		60,000	40,000	-	-
Restricted cash		40,100	40,100	-	-
		661,899	677,488	47,398	33,886
Less: Current liabilities					
Loans and borrowings	12	160,145	131,061	6,845	6,761
Trade and other payables		411,485	434,404	1,243	383
Lease liabilities	10	65,076	64,799	123	267
Other liabilities		32,669	28,054	1,151	3,002
Amount due to related parties		6,766	22,846	-	-
Income tax payable		5,575	6,421	-	-
		681,716	687,585	9,362	10,413
Net current liabilities		(19,817)	(10,097)	38,036	23,473
Non-current Liabilities					
Loans and borrowings	12	45,636	49,084	45,636	49,084
Lease liabilities	10	191,959	233,724	-	-
Other liabilities		508	508	-	-
Deferred tax liabilities		14,473	17,908	10,130	12,975
		252,576	301,224	55,766	62,059
Net assets		170,294	179,249	41,511	20,771
Equity attributable to the holders of the Company					
Share capital	11	67,148	67,148	67,148	67,148
Treasury shares		(25,395)	(25,093)	(25,395)	(25,093)
Statutory common reserve		40,984	40,984	-	-
Currency translation reserve		(4,002)	(3,984)	(4,015)	(3,997)
Revenue reserve		91,559	100,194	3,773	(17,287)
Total equity		170,294	179,249	41,511	20,771

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	
	31-12-2023 RMB'000	31-12-2022 RMB'000
Cash flow from operating activities		
Profit / (loss) before taxation	1,233	(8,661)
Adjustments for:		
Depreciation of property, plant and equipment	7,166	5,378
Depreciation of right-of-use assets	28,041	31,978
Write-back of impairment loss on property, plant and equipment	(22)	-
Inventories written (back) / off	(10)	151
Net loss / (gain) on disposal of property, plant and equipment	2,396	(2)
Net gain on derecognition of right-of-use assets	(1,919)	(10,531)
Net gain on disposal of joint ventures	-	(22)
Provision for termination of lease	964	-
Interest income	(2,129)	(3,654)
Finance costs	9,719	11,638
Share of results of joint ventures	(1)	1,179
Share of results of associates	(11,011)	(7,252)
Unrealised exchange difference	107	2,662
Operating cash flows before changes in working capital	34,535	22,864
Decrease in inventories	79	5,919
Increase in prepayments	(4,295)	(25,422)
Decrease in trade and other receivables	2,190	2,559
(Decrease) / Increase in trade and other payables	(15,438)	16,248
Cash flows generated from operation	17,071	22,168
Interest received	3,926	1,029
Tax paid	(3,927)	(1,943)
Net cash flows generated from operating activities	17,070	21,254
Cash flows from investing activities		
Dividend received	9,517	7,781
Purchase of property, plant and equipment	(2,679)	(954)
Proceeds from disposal of property, plant and equipment	40	2
Distributions received from investment in associates	4,750	-
Proceeds from disposal of joint ventures	-	200
Advances to related parties	(459)	(153,989)
Repayment of advances from joint ventures	-	55,487
Advances to associates	(6,000)	(3,000)
Placements of fixed deposits	(19,701)	-
Net cash flows used in investing activities	(14,532)	(94,473)

	GROUP	
	31-12-2023	31-12-2022
	RMB'000	RMB'000
Cash flows from financing activities		
Dividend paid	(10,264)	-
Purchase of treasury shares	(302)	-
Proceeds from loans and borrowing	114,800	77,200
Interest on loans and borrowings	(3,598)	(3,402)
Interest on lease liabilities	(5,436)	(6,725)
Repayment of loans and borrowing	(89,152)	(115,361)
Repayment of lease liabilities	(30,193)	(29,988)
(Repayment of advances to) / advances from related parties	(15,841)	129,527
Net cash flows (used in) / generated from financing activities	(39,986)	51,251
Net decrease in cash and cash equivalents	(37,448)	(21,968)
Effect of exchange rate changes on cash and cash equivalents	(335)	105
Cash and cash equivalents at beginning of financial period	152,237	149,770
Cash and cash equivalents at end of financial period	114,454	127,907

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

Cash on hand	8,423	5,000
Bank balances	106,031	122,907
Cash and bank balances	114,454	127,907
Fixed deposits	60,000	40,000
	174,454	167,907

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					
	Share capital	Treasury shares	Currency translation reserve	Revenue reserve	Statutory common reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Balance at 01 July 2023	67,148	(25,093)	(3,984)	100,194	40,984	179,249
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(18)	-	-	(18)
Profit for the period	-	-	-	1,629	-	1,629
Total comprehensive income for the period	-	-	(18)	1,629	-	1,611
Purchase of treasury shares	-	(302)	-	-	-	(302)
Dividends paid	-	-	-	(10,264)	-	(10,264)
Balance at 31 December 2023	67,148	(25,395)	(4,002)	91,559	40,984	170,294
Balance at 01 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)
Total comprehensive loss 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

	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 01 July 2023	67,148	(25,093)	(3,997)	(17,287)	20,771
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(18)	-	(18)
Profit for the period	-	-	-	31,324	31,324
Total comprehensive income for the period	-	-	(18)	31,324	31,306
Purchase of treasury shares	-	(302)	-	-	(302)
Dividends paid	-	-	-	(10,264)	(10,264)
Balance at 31 December 2023	67,148	(25,395)	(4,015)	3,773	41,511
Balance at 01 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 loss for the period	-	-	(1,749)	(4,066)	(5,815)
Balance at 31 December 2022	67,148	(25,093)	(2,865)	35,219	74,409

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 80 Marine Parade Road, #13-07 Parkway Parade, Singapore 449269.

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 2023.

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 2023. 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 2023.

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:

	Group		
	6 Months Ended	6 Months Ended	Change
	31-Dec-2023	31-Dec-2022	+ / (-)
	RMB'000	RMB'000	%
Revenue			
Direct sales	427,425	428,793	(0.3)
Concessionaire sales	40,140	39,212	2.4
Rental income	16,819	16,150	4.1
Managed rental	4,743	4,340	9.3
	<u>489,127</u>	<u>488,495</u>	0.1
Gross revenue from concessionaires sales	<u>223,498</u>	<u>246,197</u>	(9.2)
Gross sales proceeds*	<u>672,485</u>	<u>695,480</u>	(3.3)

*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 **Profit / (loss) before taxation**

Profit / (loss) before tax is arrived at after (charging) / crediting the followings:-

	Group		
	6 Months Ended	6 Months Ended	Change
	31-Dec-2023	31-Dec-2022	+ / (-)
	RMB'000	RMB'000	%
Cost of sales:			
Inventories written back / (off)	10	(151)	N.M.
Other income:			
Management fees	2,476	2,476	-
Advertisement and promotion fees	33,298	31,394	6.1
Leisure facilities charges	520	450	15.6
Net (loss) / gain on disposal of property, plant and equipment	(2,396)	2	N.M.
Net gain on derecognition of right-of-use assets	1,919	10,531	(81.8)
Exchange gain / (loss)	2	(1,786)	N.M.
Selling and distribution expenses:			
Employee benefit expenses			
Defined contribution plans	(5,775)	(6,251)	(7.6)
Salaries, wages, bonuses and other costs	(35,205)	(40,536)	(13.2)
Advertisement and promotion fees	(5,215)	(2,526)	106.5
Business taxes and surcharges	(3,800)	(3,177)	19.6
Depreciation of right-of-use assets	(28,041)	(31,978)	(12.3)
Administrative expenses:			
Employee benefit expenses			
Defined contribution plans	(3,716)	(3,674)	1.1
Salaries, wages, bonuses and other costs	(33,377)	(35,229)	(5.3)
Director fees	(377)	(355)	6.2
Depreciation of property, plant and equipment	(7,166)	(5,378)	33.2
Provision for termination of lease	(964)	-	N.M.

N.M. - Not meaningful

8 Income tax expense

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

	Group		
	6 Months Ended	6 Months Ended	Change
	31-Dec-2023	31-Dec-2022	+ / (-)
	RMB'000	RMB'000	%
Current income tax	1,342	550	143.96
Deferred tax income relating to origination and reversal of temporary differences	(1,738)	(422)	311.85
Income tax (credit) / expense	<u>(396)</u>	<u>128</u>	

9 Property, plant and equipment ("PPE")

HY2024 depreciation of PPE is about RMB 7.2 million. During the period, the total acquired PPE amounted to RMB 2.7 million. The Group wrote off and disposed of about RMB 2.4 million of PPE.

10 Right-of-use assets / lease liabilities

During HY2024, the Group has depreciated about RMB 28.0 million of its right-of-use assets, which relates to the long term leases for the stores. Due to early termination of a few leases, there are derecognition of lease liabilities amounting to RMB 11.7 million, in respect for right-of-use assets, RMB 9.8 million was derecognised with corresponding lease liabilities of RMB 11.7 million.

11 Share capital

	As at 31-12-2023		As at 30-06-2023	
	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.

12 Loan and borrowings

Amount repayable in one year or less, or on demand

As at 31-12-2023		As at 30-06-2023	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
153,300	6,845	124,300	6,761

Amount repayable after one year

As at 31-12-2023		As at 30-06-2023	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	45,636	-	49,084

As at 31 December 2023, total bank borrowings of RMB 153.30 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 41.56 million of bonds issued by the Company and a bank borrowing of RMB 10.92 million.

13 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 Months Ended 31-12-2023 RMB'000	6 Months Ended 31-12-2022 RMB'000
Concessionaire income from companies in which Directors have an interest	613	716
Advertisement income received from companies in which Directors have an interest	12	12
Management fees from a company in which Directors have an interest	2,476	2,476
Sales commission charged by a company in which Directors have an interest	206	249
Depreciation of right to use lease properties owned by a company in which Directors have an interest	2,356	2,254
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	195	267

14 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 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 shares 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 HY2024.

There were no outstanding convertibles issued or subsidiary holdings as at 31 December 2023 and 31 December 2022.

The number of treasury shares held by the Company were 4,656,300 as at 31 December 2023 (31 December 2022: 4,572,300).

As at 31 December 2023, the number of treasury shares held by the Company constituted 2.4% (31 December 2022: 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 2023 were 191,663,700 (31 December 2022: 191,747,700).

- 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.

	<u>6 Months Ended</u> 31-12-2023	<u>6 Months Ended</u> 31-12-2022
Balance at beginning of financial period	4,572,300	4,572,300
Purchase of treasury shares	84,000	-
Balance at end of financial period	<u>4,656,300</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 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.**

Not applicable.

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

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 2023.

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 2023. 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 on issue; and**

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

	6 Months Ended 31-12-2023	6 Months Ended 31-12-2022
	RMB	RMB
	Cents	Cents
(a) Based on weighted average number of ordinary shares	0.85	(4.58)
(b) Based on a fully diluted basis	0.85	(4.58)
Weighted average number of shares applicable to basic earning per share	<u>191,679,537</u>	<u>191,747,700</u>
Weighted average number of shares based on fully diluted basis	<u>191,679,537</u>	<u>191,747,700</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.**

	Group		Company	
	Cents		Cents	
	31-12-2023	30-06-2023	31-12-2023	30-06-2023
	RMB	RMB	RMB	RMB
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	<u>88.85</u>	<u>93.48</u>	<u>21.66</u>	<u>10.83</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 2023 ("HY2024") and 31 December 2022 ("HY2023") is as follows:-

The Group recorded revenue of RMB 489.1 million as compared to RMB 488.5 million of HY2023, moderate increase of RMB 0.6 million. During the HY2023, no new stores were opened and a store ceased operation in mid November 2023. Comparing both corresponding periods, cost of sales has decreased slightly by 1.3% from RMB 381.1 million to RMB 376.0 million.

As a result of slight increase of revenue and an improvement in cost of sales, gross profit margin increased by 1.1% from 22.0% to 23.1% due mainly to higher sales of gold related products which had a higher margin resulting from increase in gold price. Gross profit recorded for the half year is RMB 113.1 million as compared to RMB 107.4 million of HY2023.

The Group's cost of sales relates solely to its direct sales activities. The gross profit margin for these direct sales activities recorded for HY2024 is 12.0% (HY2023: 11.1%). The Group's gross profit and gross profit margin in respect to the direct sales activities are set out as per below:-

	6 Months Ended 31-Dec-2023 RMB'000	6 Months Ended 31-Dec-2022 RMB'000	Change + / (-) %
Revenue from direct sales activities	427,425	428,793	(0.3)
Cost of sales	(375,996)	(381,057)	(1.3)
Gross profit from direct sales activities	<u>51,429</u>	<u>47,736</u>	7.7
Gross profit margin on direct sales activities	12.0%	11.1%	0.9%

Other income decreased by RMB 3.6 million, from RMB 46.9 million in HY2023 to RMB 43.3 million in HY2024. This was mainly due to a decrease in gain of RMB 8.6 million arising from the derecognition of a right-of-use asset in respect of the termination of leases in HY 2023. The decrease in gain was offset by an increase in advertisement income of RMB 1.9 million, increase in carpark income of RMB 1.4 million and an exchange movement of RMB 1.7 million due to strengthening of RMB.

Selling expenses decreased by RMB 2.8 million, from RMB 106.3 million in HY2023 to RMB 103.5 million in HY2024. This was mainly due to reduction in depreciation of right-of-use assets of RMB 3.9 million and salary of RMB 5.3 million. The reduction was offset by an increase in advertisement expenses of RMB 2.7 million, sales discounts of RMB 0.4 million, business taxes and surcharges of RMB 0.6 million.

Administrative expenses increased by RMB 1.2 million, from RMB 53.9 million in HY2023 to RMB 55.1 million in HY2024. This was mainly due to an increase of RMB 1.8 million in depreciation of property, plant and equipment, wrote off of property, plant and equipment of RMB 2.4 million and a provision of termination of lease of about RMB 1.0 million. The increase was offset by decrease in salary and related costs of RMB 1.8 million, RMB 0.2 million of bank charges and saving of expenses incurred in HY2023 by two stores closed in August 2022.

Finance costs decreased by RMB 2.8 million, from RMB 12.5 million in HY2023 to RMB 9.7 million in HY2024. The decline was mainly due to borrowings with lower interest rates as well as reduction in interest recognition for lease liabilities.

The aggregated share of results of joint-ventures and associates increased by RMB 4.9 million, from RMB 6.1 million in HY2023 to RMB 11.0 million in HY2024. The reasons for the changes are set out as follows:-

- (1) Share of loss of a joint venture (Wuxi Shi Yueshang Outlets Co., Ltd. ["Wuxi"]) was reduced by RMB 1.2 million. There was no record of Wuxi's results for HY2024 in comparison to share of loss of RMB 1.2 million in HY2023; The profit of RMB 1.8 million for the current period was being utilised for the accumulated unrecognised losses of RMB 11.0 million from previous years.
- (2) Share of profit of an associate (Changsha Sasseur Zhongmin Baihui Outlets Commercial Management Co., Ltd. ["Changsa"]) increased by RMB 3.9 million, from RMB 9.5 million in HY2023 to RMB 13.4 million in HY2024; and
- (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 0.2 million, from RMB 2.2 million in HY2023, to RMB 2.4 million in HY2024.

The Group recorded income tax credit of RMB 0.4 million, mainly as a result of recognition of deferred tax income of RMB 1.7 million, offset against the current income tax of RMB 1.3 million.

As a result of the preceding factors mentioned, the Group recorded profit after taxation of RMB 1.6 million in HY2024, compared to a loss after taxation of RMB 8.8 million in HY2023.

Statements of Financial Position

Below is the review of the Statements of Financial Position as at 31 December 2023 ("HY2024") compared with 30 June 2023 ("FY2023").

Non-current assets

HY2024 depreciation of PPE is about RMB 7.2 million. During the period, the total acquired PPE amounted to RMB 2.7 million. The Group wrote off and disposed of about RMB 2.4 million of PPE.

Right-of-use assets recorded at RMB 221.9 million, a reduction of RMB 37.8 million. This is a result of depreciation expenses of RMB 28.0 million and derecognition of a few leases of RMB 9.8 million.

Investment in joint ventures and associates decreased by an aggregate of RMB 3.3 million. This was due to share of profit from joint ventures and associates of RMB 11.0 million; set off by (i) distribution in investment from an associate, Changsha of RMB 4.8 million and (ii) dividend income of RMB 9.5 million.

Other receivables increased by RMB 0.1 million mainly resulted from recognition of interest income in respect of lease deposits placed with the landlords.

Current assets

Inventories decreased moderately by RMB 0.1 million.

Trade and other receivables decreased by RMB 4.4 million, a result of reduction in trade receivables of RMB 1.4 million and other receivables of RMB 3.0 million. The decrease in other receivables was mainly due to a reversal of fixed deposit interest income taken up as other receivables in last reporting, which has received in HY2024.

Prepayment decreased by RMB 0.1 million, mainly consists of advances made to suppliers to procure goods for which delivery has yet received by the 31 December 2023.

The amount due from related parties recorded at RMB 5.2 million, increased by RMB 0.8 million as compared to FY2023.

The amount due from joint ventures remain unchanged at RMB 207.5 million, with no further advances being provided during HY2024.

The amount due from associates increased by RMB 6.0 million in HY2024.

Current liabilities

Trade and other payables decreased by RMB 22.9 million; the decrease mainly attributed from trade payables.

Amount due to related parties decreased by RMB 16.1 million in HY2024.

Reduction in income tax payable is as a result of tax payment of RMB 3.9 million in HY2024.

Loans and borrowings (current and non-current)

Total loans and borrowings amounted to RMB 205.8 million, an increase of RMB 25.6 million. This was due to loan repayments of RMB 89.2 million, set off by RMB 114.8 million of new loans taken in HY2024.

Lease liabilities (current and non-current)

Lease liabilities decreased by RMB 41.5 million due to repayments (net of interest expenses) amounting to RMB 30.2 million and derecognition of lease liabilities due to early termination amounting to RMB 11.7 million. These were set off by other lease related payables and prepayments of RMB 0.4 million.

The Group reported a net current liabilities position of RMB 19.8 million as at 31 December 2023.

Cash flow statement

The Group reported net cash and cash equivalents of RMB 114.5 million as at 31 December 2023.

Cash generated from operating activities

Net cash generated from operating activities was about RMB 17.1 million in HY2024 (HY2023: RMB 21.3 million).

This was attributed to profit before taxation of RMB 1.2 million, adjustments for non-cash items including depreciation expenses of RMB 37.6 million, interest income of RMB 2.1 million, finance costs of RMB 9.7 million, gain on derecognition of right-of-use asset of RMB 1.9 million and share of profits of joint ventures and associates of RMB 11.0 million to arrive at operating cash flows before changes in working capital of RMB 34.5 million.

After adjusting for working capital changes including increases in prepayments of RMB 4.3 million, decreases in trade and other receivables of RMB 2.2 million and decreases in trade and other payables of RMB 15.4 million as well as adjustments for receipt of interest of RMB 3.9 million and tax payment of RMB 3.9 million, the Group's net cash generated from operating activities amounted to RMB 17.1 million.

Cash used in investing activities

Net cash used in investing activities was about RMB 14.5 million. This included a dividend received from an associate of RMB 9.5 million, receipt of distribution in investment from an associate of RMB 4.8 million. These were set off against the cash outflow including acquisition of PPE amounting to RMB 2.7 million, advances extended to an associate as well as related parties of RMB 6 million and RMB 0.5 million respectively, and placement of fixed deposits of RMB 19.7 million.

Cash used in financing activities

Cash used in financing activities was about RMB 40.0 million. The cash outflow included dividend payment of RMB 10.3 million, purchase of treasury shares of RMB 0.3 million, repayment of RMB 15.8 million to related parties, repayment of Group's principal value of loans, borrowings plus interest of RMB 92.8 million as well as the repayment of principal value plus interest expense of lease liabilities of RMB 35.6 million. During HY2024, the Group has obtained new loans of RMB 114.8 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 in China grew 5.2% year-on-year in 2023, an improvement from a growth rate of 3.0% in 2022. Retail sales of consumer goods grew 7.2% in 2023, an improvement from a negative 0.2% growth rate in 2022. The Chinese economy is expected to continue to grow in 2024.

To improve the overall performance of the stores, the Group closed its Luncang Store in November 2023 and will close its Maluanwan Store by February 2024. The Group has previously closed three other stores in FY2023. Closing these underperforming stores will allow better utilization of resources. The Group will have a total of 15 Zhongmin Baihui stores (12 self-owned stores and 3 managed stores) with a total gross floor area of about 175,000 sqm.

A new Zhongmin Baihui supermarket store with a gross sales area of about 4,000 sqm in Citi-Base Commercial Complex located in Haicang District, Xiamen City, Fujian Province should be ready in early calendar year 2024. Citi-Base Commercial Complex is an integrated property complex built by Citi-Base Commerce Logistics (Xiamen) Co, a 30%-owned associate of the Group. Citi-Base Commercial Complex has a three-floor retail block and two rental apartment blocks with 668 residential units. New tenants in the retail complex have started operations.

Our mega outlet mall, Wuxi Yueshang Outlets, continues to improve its operating performance. It has a built-up area of almost 400,000 sqm, of which, the leasable area of 128,000 sqm under phase one is about 90% occupied. Phase two, which will add a further 40,000 sqm, is progressively being executed.

Our other outlet mall, Changsha Sasseur Outlets, remains profitable. We are in the preliminary stages of exploring expansion in the Changsha outlet mall area and will make the necessary announcement in due course.

We are generally pleased with the performance of our outlet malls. We believe the outlet mall segment has potential in China. As such, the Group will continue to explore other outlet mall opportunities, including outlet mall locations in Fujian province.

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 HY2024.

(b) (i) Amount per share;

Not applicable.

(b) (ii) Previous corresponding period;

None.

(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 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 charged to a related party: Fujian Hancal Garments Co. Ltd	611	-
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd	2,476	-

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 2023 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

14 February 2024