

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

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

Consolidated statement of comprehensive income for the half year ended 30 June 2021 (“HY 2021”)

	Note	← Group →		Change + / (-) %
		Half year ended		
		30/6/2021	30/6/2020	
		RMB'000	RMB'000	
Revenue	6	557,197	510,374	9.2
Cost of sales		<u>(424,030)</u>	<u>(381,807)</u>	11.1
Gross profit		133,167	128,567	3.6
Other income		41,949	51,634	(18.8)
Interest income		2,218	4,391	(49.5)
Selling and distribution expenses		(103,545)	(91,688)	12.9
Finance costs		(6,820)	(6,482)	5.2
Administrative expenses		<u>(76,796)</u>	<u>(44,824)</u>	71.3
(Loss)/profit before taxation and share of results of associates and joint ventures		(9,827)	41,598	n.m.
Share of results of joint ventures		(2,688)	(1,136)	(136.6)
Share of results of associates		<u>7,435</u>	<u>718</u>	n.m.
(Loss)/profit before taxation	7	(5,080)	41,180	n.m.
Income tax expense	8	<u>(3,230)</u>	<u>(12,271)</u>	(73.7)
(Loss)/profit after taxation		<u>(8,310)</u>	<u>28,909</u>	n.m.
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Currency translation gain/(loss)		<u>48</u>	<u>(537)</u>	n.m.
Other comprehensive income, net of tax		<u>48</u>	<u>(537)</u>	n.m.
Total comprehensive income for the period attributable to the owners of the Company		<u>(8,262)</u>	<u>28,372</u>	n.m.

n.m. – Not meaningful

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

	Note	← Group →		← Company →	
		30/6/2021 RMB'000	31/12/2020 RMB'000	30/6/2021 RMB'000	31/12/2020 RMB'000
Non-current assets					
Property, plant and equipment	9	161,083	151,569	14	29
Right-of-use assets	10	165,073	199,398	735	130
Intangible assets		3,810	3,810	-	-
Investment in subsidiaries		-	-	73,094	63,257
Investment in joint ventures		12,736	8,554	-	-
Investment in associates		50,003	42,568	-	-
Prepayments		98	5,066	-	-
Other receivables		13,255	11,864	64	77
Deferred tax assets		22,780	17,214	-	1
Other assets		3,786	3,786	-	-
		<u>432,624</u>	<u>443,829</u>	<u>73,907</u>	<u>63,494</u>
Current assets					
Inventories		155,141	159,544	-	-
Prepayments		28,364	67,526	90	29
Trade and other receivables		11,826	45,290	-	-
Amount due from a subsidiary		-	-	40,300	65,473
Amount due from associates		42,900	41,400	-	-
Amount due from a joint venture		35,000	-	-	-
Amount due from related parties		4,415	10,364	-	-
Cash and cash equivalents		280,287	324,346	32,570	15,293
		<u>557,933</u>	<u>648,470</u>	<u>72,960</u>	<u>80,795</u>
Less: Current liabilities					
Loans and borrowings	13	5,500	2,572	5,500	2,572
Trade and other payables		433,999	429,703	4	-
Lease liabilities	10	60,587	62,783	241	137
Other liabilities		30,756	38,871	2,509	2,858
Amount due to related parties		3,532	68,885	-	-
Income tax payable		11,623	20,175	-	-
		<u>545,997</u>	<u>622,989</u>	<u>8,254</u>	<u>5,567</u>
Net current assets		<u>11,936</u>	<u>25,481</u>	<u>64,706</u>	<u>75,228</u>
Non-current liabilities					
Loans and borrowings	13	56,895	61,620	56,895	61,620
Lease liabilities	10	168,889	180,022	488	-
Deferred tax liabilities		13,891	14,521	10,040	10,821
		<u>239,675</u>	<u>256,163</u>	<u>67,423</u>	<u>72,441</u>
Net assets		<u>204,885</u>	<u>213,147</u>	<u>71,190</u>	<u>66,281</u>
Equity attributable to the holders of the Company					
Share capital	11	67,148	67,148	67,148	67,148
Treasury shares		(25,031)	(25,031)	(25,031)	(25,031)
Statutory common reserve		32,796	32,796	-	-
Currency translation reserve		(242)	(290)	(251)	(299)
Revenue reserve		130,214	138,524	29,324	24,463
Total equity		<u>204,885</u>	<u>213,147</u>	<u>71,190</u>	<u>66,281</u>

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

	← Group →	
	30/6/2021	30/6/2020
	RMB'000	RMB'000
Cash flows from operating activities		
(Loss)/profit before taxation	(5,080)	41,180
Adjustments for:		
Depreciation of property, plant and equipment	5,981	6,897
Depreciation of right-of-use assets	32,681	33,391
Impairment on right-of-use assets	28,400	-
Net gain on disposal of property, plant and equipment	-	(6)
Inventories written off	95	-
Rent concession	-	(7,031)
Interest income	(2,218)	(4,391)
Finance costs	6,820	6,482
Share of results of joint ventures	2,688	1,136
Share of results of associates	(7,435)	(718)
Unrealised exchange difference	(1,554)	(590)
Operating cash flows before changes in working capital	<u>60,378</u>	<u>76,350</u>
Decrease in inventories	4,308	8,627
Decrease/(increase) in prepayments	39,160	(114,306)
Decrease in trade and other receivables	38,340	2,592
(Decrease)/increase in trade and other payables	<u>(69,088)</u>	<u>9,276</u>
Cash flows generated from/(used in) operation	73,098	(17,461)
Interest received	1,870	3,405
Tax paid	<u>(17,680)</u>	<u>(8,502)</u>
Net cash flows generated from/(used in) operating activities	<u>57,288</u>	<u>(22,558)</u>
Cash flows from financing activities		
Interest on lease liabilities paid	(5,272)	(6,238)
Interest paid on loans and bonds	(1,561)	-
Purchase of treasury shares	-	(94)
Proceeds from loans and borrowings	-	40,225
Repayment of lease liabilities	<u>(40,052)</u>	<u>(27,955)</u>
Net cash flows (used in)/generated from financing activities	<u>(46,885)</u>	<u>5,938</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,527)	(3,153)
Investment in joint ventures	(6,870)	(3,000)
Amount due from associates	(1,500)	(5,700)
Amount due from a joint venture	(35,000)	-
Proceeds from disposal of property, plant and equipment	-	15
Bank deposit pledged	<u>-</u>	<u>10,000</u>
Net cash flows used in investing activities	<u>(53,897)</u>	<u>(1,838)</u>
Net decrease in cash and cash equivalents	(43,494)	(18,458)
Effect of exchange rate changes on cash and cash equivalents	(565)	112
Cash and cash equivalents at beginning of financial period	<u>324,346</u>	<u>260,041</u>
Cash and cash equivalents at end of financial period	<u>280,287</u>	<u>241,695</u>
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:		
Cash on hand	5,021	4,205
Bank balances	<u>275,266</u>	<u>237,490</u>
	<u>280,287</u>	<u>241,695</u>

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

	Attributable to equity holders of the Company					Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Statutory common reserve RMB'000	
Group						
Balance at 1 January 2021, as previously reported	67,148	(25,031)	(290)	138,524	32,796	213,147
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	48	-	-	48
Loss for the period	-	-	-	(8,310)	-	(8,310)
Total comprehensive income for the period	-	-	48	(8,310)	-	(8,262)
Balance at 30 June 2021	67,148	(25,031)	(242)	130,214	32,796	204,885
	-	-	-	-	-	-
Group						
Balance at 1 January 2020	67,148	(24,853)	242	112,791	27,352	182,680
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(537)	-	-	(537)
Profit for the period	-	-	-	28,909	-	28,909
Total comprehensive income for the period	-	-	(537)	28,909	-	28,372
Purchase of treasury shares	-	(94)	-	-	-	(94)
Balance at 30 June 2020	67,148	(24,947)	(295)	141,700	27,352	210,958

	Attributable to equity holders of the Company				Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	
Company					
Balance at 1 January 2021, as previously reported	67,148	(25,031)	(299)	24,463	66,281
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	48	-	48
Profit for the period	-	-	-	4,861	4,861
Total comprehensive income for the period	-	-	48	4,861	4,909
Balance at 30 June 2021	<u>67,148</u>	<u>(25,031)</u>	<u>(251)</u>	<u>29,324</u>	<u>71,190</u>
	-	-	-	-	-
Company					
Balance at 1 January 2020	67,148	(24,853)	232	18,091	60,618
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(537)	-	(537)
Profit for the period	-	-	-	10,583	10,583
Total comprehensive income for the period	-	-	(537)	10,583	10,046
Purchase of treasury shares	-	(94)	-	-	(94)
Balance at 30 June 2020	<u>67,148</u>	<u>(24,947)</u>	<u>(305)</u>	<u>28,674</u>	<u>70,570</u>

Notes to the condensed interim financial statements

1. Corporate information

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

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

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

2. Basis of preparation

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

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

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

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

3. Use of estimates and judgements

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

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

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

4. Seasonal operations

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

5. Segment information

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

6. Revenue

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

	← Group →		
	Half year ended		Change
	30/6/2021	30/6/2020	+ / (-)
	RMB'000	RMB'000	%
Revenue:			
- Direct sales	477,777	436,569	9.4
- Commission from concessionaire sales	55,304	51,133	8.2
- Rental income	19,848	16,150	22.9
- Managed rental	4,268	6,522	(34.6)
	<u>557,197</u>	<u>510,374</u>	9.2
Gross revenue from concessionaire sales	<u>294,645</u>	<u>263,877</u>	11.7
Gross sales proceeds*	<u>796,538</u>	<u>723,118</u>	10.2

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

7. (Loss)/profit before taxation

	← Group →		
	Half year ended		Change + / (-) %
	30/6/2021 RMB'000	30/6/2020 RMB'000	
(Loss)/profit before tax is arrived at after (charging)/crediting the following:			
Inventories written off	(95)	-	n.m.
Other income:			
Advertisement and promotion fees	34,069	30,243	12.7
Exchange gain	1,439	1,109	29.8
Job support grant	47	5,077	(99.1)
Leisure facilities charges	710	367	93.5
Management fees	2,448	2,242	9.2
Net gain on disposal of property, plant and equipment	-	6	n.m.
Rent concession	-	7,031	n.m.
Selling and distribution expenses:			
Employee benefit expenses			
- Defined contribution plans	(5,087)	(3,072)	65.6
- Salaries, wages, bonuses and other costs	(36,391)	(32,340)	12.5
Utilities	(10,656)	(8,936)	19.2
Advertisement and promotion fees	(4,249)	(3,072)	38.3
Business tax and surcharges	(3,620)	(3,020)	19.9
Depreciation of right-of-use assets	(32,681)	(33,391)	(2.1)
Administrative expenses:			
Employee benefit expenses			
- Defined contribution plans	(3,093)	(2,130)	45.2
- Salaries, wages, bonuses and other costs	(30,396)	(26,745)	13.7
Bank charges	(1,816)	(1,878)	(3.3)
Director fees	(374)	(387)	(3.4)
Depreciation of property, plant and equipment	(5,981)	(6,897)	(13.3)
Office supplies	(815)	(562)	45.0
Impairment on right-of-use assets	(28,400)	-	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 →	
	Half year ended	
	30/6/2021	30/6/2020
	RMB'000	RMB'000
Current income tax	9,129	11,922
Deferred tax (income)/expense relating to origination and reversal of temporary differences	<u>(5,899)</u>	<u>349</u>
	<u>3,230</u>	<u>12,271</u>

9. Property, plant and equipment

In HY 2021, the Group acquired assets amounting to RMB15.5 million. There is no disposal or impairment during the financial period.

10. Leases

In HY 2021, the Group recognised an addition of RMB26.8 million of right-of-use assets and RMB26.7 million of lease liabilities. The Group also recognised an impairment loss amounting to RMB28.4 million in relation to the right-of-use assets for the Group's underperforming store.

11. Share capital

	30 June 2021		31 December 2020	
	No. of ordinary shares '000	Paid up share capital RMB'000	No. of ordinary shares '000	Paid up share capital RMB'000
At beginning and end of interim period	<u>196,320</u>	<u>67,148</u>	<u>196,320</u>	<u>67,148</u>

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

12. Commitments

Capital expenditure contracted for as at 30 June 2021 but not recognised in the condensed interim financial statements amounted to RMB23.8 million (31 December 2020: RMB29.9 million).

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

As at 30/6/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	5,500	-	2,572

Amount repayable after one year

As at 30/6/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	56,895	-	61,620

As at 30 June 2021, a total amount of RMB38.4 million of bonds issued by the Company and a bank borrowing of RMB24.0 million were interest bearing and unsecured.

14. Related party transactions

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

	← Group →	
	Half year ended	
	30/6/2021	30/6/2020
	RMB'000	RMB'000
Concessionaire income from companies in which Directors have an interest	701	621
Sales of goods to a company in which Directors have an interest	-	462
Advertisement income received from companies in which Directors have an interest	25	30
Management fees from a company in which Directors have an interest	2,448	2,242
Rent concession from a company in which Directors have an interest	-	426
Sales commission charged by a company in which Directors have an interest	731	-
Depreciation of right to use lease properties owned by a company in which Directors have an interest	2,252	2,242
Interest on payment of lease liabilities for use of lease properties owned by a company in which Directors have an interest	245	197

15. Subsequent events

On 26 July 2021, the Group has entered into a joint venture agreement with Mingfa (Longhai) Real Estate Co., Ltd to form a 30/70 joint venture company with a registered share capital of RMB 18 million. The joint venture company will manage and operate approximately 90,000 sqm of built-up area of retail space in Longhai Mingfa Commercial Square for a period of 20 years.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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

There were no changes in the share capital of the Company in HY 2021.

There were no outstanding convertibles issued or subsidiary holdings as at 30 June 2021 and 30 June 2020.

There were a total of 4,552,300 treasury shares held as at 30 June 2021 (30 June 2020: 4,524,300).

As at 30 June 2021, the number of treasury shares held by the Company constituted 2.3% (30 June 2020: 2.3%) of the total number of ordinary shares outstanding.

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

The total number of issued shares (excluding treasury shares) as at 30 June 2021 were 191,767,700 (31 December 2020: 191,767,700).

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

Number of treasury shares

	Half year ended	
	30/6/2021	30/6/2020
Balance at beginning of financial period	4,552,300	4,494,300
Purchase of treasury shares	<u>-</u>	<u>30,000</u>
Balance at end of financial period	<u>4,552,300</u>	<u>4,524,300</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.

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

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

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

Not applicable.

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

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

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

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

Not applicable.

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

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

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

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

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

- (a) Based on the weighted average number of ordinary shares on issue; and
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	30/6/2021 RMB cents	30/6/2020 RMB cents
(a) Based on weighted average no. of shares	(4.33)	15.07
(b) Based on fully diluted basis	(4.33)	15.07
Weighted average no. of shares applicable to basic earnings per share	191,767,700	191,810,700
Weighted average no. of shares based on fully diluted basis	191,767,700	191,810,700

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

	← Group →		← Company →	
	30/6/2021 RMB cents	31/12/2020 RMB cents	30/6/2021 RMB cents	31/12/2020 RMB cents
Net asset value per ordinary share	106.84	111.15	37.12	34.56

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

A review of the statement of comprehensive income for the half year ended 30 June 2020 (“HY 2020”) and HY 2021 is as follows:-

The Group's revenue rose by 9% to RMB557.2 million (RMB 510.4 million in HY 2020) primarily due to direct sales of Moutai distilled liquor through the direct sales arrangement with Kweichow Moutai Group, which commenced in the second half of 2020 and contribution from a new store opened in March 2021.

Despite the easing of the Covid-19 precautionary measures in China in HY 2021, the Group is still gradually recovering from the adverse impact of the Covid-19 pandemic. This resulted in a rise in the same store sales growth* (“SSSG”) by 9% (HY 2020: fell by 14%).

The Group's gross profit increased by 4% to RMB133.2 million (RMB128.6 million in HY 2020) mainly due to the increase in overall revenue.

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

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

	← Group →		
	Half year ended		Change
	30/6/2021	30/6/2020	+ / (-)
	RMB'000	RMB'000	%
Revenue from direct sales activities	477,777	436,569	9.4
Cost of sales	<u>(424,030)</u>	<u>(381,807)</u>	11.1
Gross profit from direct sales activities	<u>53,747</u>	<u>54,762</u>	(1.9)
Gross profit margin on direct sales activities	11.2%	12.5%	(1.3)

The gross profit margin for the direct sales activities fell slightly to 11.2% (12.5% in HY 2020) mainly due to sales of lower margin Moutai distilled liquor which was fixed by the supplier under the direct sales arrangement.

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

Other income decreased by 19% to RMB41.9 million (RMB51.6 million in HY 2020) mainly due to the absence of rent concession granted by lessors of the Group's retail premises amounting to RMB7.0 million and job support grant from the Chinese government amounting to RMB4.9 million, partially offset by higher advertisement and promotion income in HY 2021.

Selling and distribution expenses increased by 13% to RMB103.5 million (RMB91.7 million in HY 2020) mainly due to the additional operating expenses such as staff costs, utilities and advertisement and promotion expenses, incurred for the new store and all stores were fully operational following the easing of Covid-19 precautionary measures in China.

Administrative expenses increased by 71% to RMB76.8 million (RMB44.8 million in HY 2020) mainly due to (i) impairment loss of RMB28.4 million charged on the right-of-use assets of the Group's underperforming Lvcuo Store. The impairment of the Lvcuo Store was due to several factors resulting in the continual loss incurred by the store. The construction of the metro interchange station (with two metro lines) was initially deemed to be promising for driving foot traffic and boosting the sales of the Lvcuo Store as it is an underground store which would be linked to the metro station via the metro station's shopping lane. Despite the second metro line commencing operations in late 2019, there is minimal favourable impact to the sales of the Lvcuo Store as there was an outbreak of Covid-19 in China and the country went into lockdown. Plans for the opening of the metro station's shopping lane which will link the metro station to the Lvcuo Store was also delayed and not expected to be operational within this year. As a result of the outlook for the store being not as optimistic as expected, and the greater impact of Covid-19 pandemic on the Lvcuo Store in HY 2021, the management decided to further recognise an impairment loss on this right-of-use asset. This was also attributable to (ii) increase in staff costs resulting from the disruption of the working hours for the administrative staff in HY 2020.

The Group's share of results of associates and joint ventures contributed a combined profit of RMB4.7 million (loss of RMB0.4 million in HY 2020) mainly due to (i) share of profit of RMB8.6 million (RMB1.9 million in HY 2020) with one of the Group's associates operating the outlet mall in Changsha City, offset by (i) share of the pre-operating loss of RMB2.7 million (RMB1.1 million in HY 2020) with the Group's joint venture, Wuxi Shi Yueshang Outlets Co., Ltd. ("Wuxi Yueshang") to establish an outlet mall in Wuxi City; (ii) share of loss of RMB1.2 million (RMB1.2 million in HY 2020) with another associate of the Group, Citi-base Commerce Logistics (Xiamen) Co ("Citi-base") which had completed the second phase of its commercial complex in Haicang, Xiamen pending acceptance on examination.

The Group's income tax expense decreased by 74% to RMB3.2 million (RMB12.3 million in HY 2020) mainly due to the temporary tax differences relating to the impairment loss on the Lvcuo Store.

As a result of the preceding factors mentioned, the Group reported a net loss of RMB8.3 million (down by RMB37.2 million from RMB28.9 million profit in HY 2020) mainly due to (i) impairment loss charged on Lvcuo Store; and (ii) absence of support from lessors and grant from government in terms of rent concession and job support grant in China.

Balance Sheet

A review of the balance sheet items as at 31 December 2020 and 30 June 2021 is as follows:-

Property, plant and equipment increased by RMB9.5 million mainly due to acquisition of assets amounting to RMB15.5 million which was partially offset by depreciation charges of RMB6.0 million in HY 2021.

Right-of-use assets decreased by RMB34.3 million mainly due to its depreciation charges of RMB32.7 million and impairment charges of RMB28.4 million on the right-of-use assets of the Group's underperforming store which were partially offset by an addition of RMB26.8 million relating to renewal of lease agreements.

Investment in associates and joint ventures increased by RMB11.6 million mainly due to capital injection of RMB6.9 million and share of their overall results amounting to RMB4.7 million.

Prepayments (current and non-current) decreased by RMB44.1 million mainly due to lower prepayments for the purchase of Moutai distilled liquor and capitalisation of renovation costs from prepayments to property, plant and equipment, upon the opening of new store in HY 2021.

Trade and other receivables (current and non-current) decreased by RMB32.1 million mainly due to collection from the bulk sale of prepaid cash cards.

Amount due from a joint venture of RMB35.0 million was related to advances as agreed between the shareholders of the joint venture.

Lease liabilities (current and non-current) decreased by RMB13.3 million mainly due to repayments net of interest expense amounting to RMB40.1 million which was partially offset by an addition of RMB26.7 million relating to renewal of lease agreements.

Other liabilities decreased by RMB8.1 million mainly due to lower accruals of operating expenses.

Amount due to related parties decreased by RMB65.4 million mainly due to repayments.

Income tax payable decreased by RMB8.6 million primarily due to tax paid.

Cash flow statement

The Group reported a net decrease of RMB44.1 million in cash and cash equivalents in HY 2021 mainly due to:

1. Net cash generated from operating activities was RMB57.3 million. This was mainly attributable to (i) operating cash flows before changes in working capital of RMB60.4 million after adjustments mainly for depreciation of property, plant and equipment of RMB6.0 million, depreciation of right-of-use assets of RMB32.7 million and impairment on right-of-use assets of RMB28.4 million, (ii) lower prepayments by RMB39.2 million mainly relating to the purchase of Moutai distilled liquor; (ii) decrease in trade and other receivables by RMB38.3 million largely due to the collection from prepaid cash cards, offset by decrease in trade and other payables by RMB69.1 million as a result of repayment to creditors and related parties.
2. Net cash used in financing activities was RMB46.9 million primarily arising from lease liabilities repayments and interest repayments on lease liabilities, loans and bonds.
3. Net cash used in investing activities of RMB53.9 million was mainly attributable to (i) the advances to associates and a joint venture amounting to RMB36.5 million; (ii) additional investment in joint venture amounting to RMB6.9 million; and (iii) the acquisition of property, plant and equipment of RMB10.5 million.

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

The Group's results in HY 2021 are largely in line with what was previously disclosed but also note that a profit guidance was issued by the Company on 9 September 2021.

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 12.7% year-on-year in the first six months of 2021. From January to July of 2021, retail sales of consumer products other than automobiles grew 20.2%.

Although the overall growth of the PRC remains healthy, the Group's operating environment remains challenging due to competition. The Group has made impairment on the Lvcao Store and continues to review its other weaker performing stores.

The Group is planning to open an outlet mall in Huishan, Wuxi City, Jiangsu Province around the end of 2021 or early 2022. The Wuxi outlet mall will have a built-up area of 368,000 sqm, including 6,000 car-park spaces. We are also expecting our Zhangzhou Port Store, with a gross floor area of 15,200 sqm, to be ready in 4Q2021.

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 2021.

(b)(i) Amount per share;

Not applicable.

(b)(ii) Previous corresponding period;

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

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

Not applicable.

(d) The date the dividend is payable; and

Not applicable.

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

Not applicable.

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

No interim dividend has been declared or recommended for HY 2021 as the Group was in loss making position for HY 2021. The board of Directors deems it appropriate to conserve adequate resources for the Group's business activities.

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

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (RMB'000)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	2,448	-
Sales commission charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	731	-
Renewal of lease agreement entered into with a related party (lessor): Quanzhou Zhongmin Baihui Shopping Co., Ltd.	15,160	-

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

14 Negative confirmation pursuant to Rule 705(5).

The Board of Directors confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results for the half year ended 30 June 2021 of the Group and the Company to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

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

13 September 2021