

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

UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

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

Consolidated statement of comprehensive income for the financial year ended 31 December 2020 (“FY 2020”)

	Group		
	FY 2020	FY 2019	Change
	RMB'000	RMB'000	+/(-) %
Revenue ⁽¹⁾	1,230,234	1,050,935	17.1
Cost of sales	(946,928)	(752,750)	25.8
Gross profit	283,306	298,185	(5.0)
Other income	94,260	92,526	1.9
Interest income	6,677	3,875	72.3
Selling and distribution expenses	(199,440)	(194,698)	2.4
Finance costs	(15,005)	(15,898)	(5.6)
Impairment loss on financial assets	-	(2,524)	n.m.
Administrative expenses	(100,402)	(106,772)	(6.0)
Profit before taxation and share of results of associates and joint venture	69,396	74,694	(7.1)
Share of results of joint ventures	(3,690)	(1,508)	(144.7)
Share of results of associates	12,872	4,646	177.1
Profit before taxation ⁽²⁾	78,578	77,832	1.0
Income tax expense	(22,688)	(25,645)	(11.5)
Profit after taxation	55,890	52,187	7.1
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation (loss)/gain	(532)	435	n.m.
Other comprehensive income, net of tax	(532)	435	n.m.
Total comprehensive income for the period attributable to the owners of the Company	<u>55,358</u>	<u>52,622</u>	5.2

n.m. – Not meaningful

Notes to the consolidated statement of comprehensive income

1. 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		Change
	FY 2020	FY 2019	+/(-) %
	RMB'000	RMB'000	
Revenue:			
- Direct sales	1,076,794	862,385	24.9
- Commission from concessionaire sales	103,593	132,181	(21.6)
- Rental income	37,145	42,564	(12.7)
- Managed rental	12,702	13,805	(8.0)
	<u>1,230,234</u>	<u>1,050,935</u>	17.1
 Gross revenue from concessionaire sales	 <u>544,937</u>	 <u>661,281</u>	 (17.6)
Gross sales proceeds*	<u>1,671,578</u>	<u>1,580,035</u>	5.8

* 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.

2. Profit before taxation

	Group		
	FY 2020 RMB'000	FY 2019 RMB'000	Change +/(-) %
Profit before tax is arrived at after (charging)/crediting the following:			
Other income:			
Advertisement and promotion fees	64,047	66,972	(4.4)
Exchange gain/(loss)	2,251	(556)	n.m.
Leisure facilities charges	1,131	1,356	(16.6)
Management fees	4,718	4,925	(4.2)
Net gain on disposal of property, plant and equipment	6	18	(66.7)
Rent concession	7,110	-	n.m.
Write-back of impairment on rental deposits	-	1,988	n.m.
Write-back of lease liabilities	-	3,834	n.m.
Selling and distribution expenses:			
Employee benefit expenses			
- Defined contribution plans	(8,175)	(10,359)	(21.1)
- Salaries, wages, bonuses and other costs	(69,213)	(65,649)	5.4
Rental expenses	(1,474)	-	n.m.
Utilities	(20,808)	(21,918)	(5.1)
Amortisation of intangible assets	-	-	n.m.
Advertisement and promotion fees	(8,200)	(8,667)	(5.4)
Business tax and surcharges	(6,983)	(6,683)	4.5
Depreciation of right-of-use assets	(66,641)	(65,731)	1.4
Impairment loss on financial assets:			
Other receivables	-	(2,524)	n.m.
Administrative expenses:			
Employee benefit expenses			
- Defined contribution plans	(4,991)	(6,625)	(24.7)
- Salaries, wages, bonuses and other costs	(57,381)	(60,771)	(5.6)
Accrued step rental income written off	(822)	(3,447)	(76.2)
Bank charges	(3,942)	(4,083)	(3.5)
Director fees	(770)	(779)	(1.2)
Depreciation of property, plant and equipment	(12,284)	(12,254)	0.2
Office supplies	(1,345)	(1,454)	(7.5)
Impairment on property, plant and equipment	-	(1,176)	n.m.
Impairment on right-of-use assets	(6,151)	(866)	n.m.
Provision for termination of lease	-	(2,001)	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.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	141,094	149,715	29	51
Right-of-use assets	199,398	266,059	130	468
Intangible assets	3,810	3,810	-	-
Investment in subsidiaries	-	-	63,257	48,378
Investment in joint ventures	8,842	3,532	-	-
Investment in associates	42,934	33,747	-	-
Other receivables	11,864	11,008	77	72
Deferred tax assets	17,214	19,321	1	2
Other assets	3,786	4,740	-	-
	<u>428,942</u>	<u>491,932</u>	<u>63,494</u>	<u>48,971</u>
Current assets				
Inventories	159,544	117,804	-	-
Prepayments	67,526	13,957	29	24
Trade and other receivables	45,290	15,626	-	2
Amount due from a subsidiary	-	-	65,473	18,947
Amount due from associates	41,400	29,700	-	-
Amount due from related parties	10,364	9,885	-	-
Restricted cash	-	10,000	-	-
Cash and cash equivalents	339,790	260,041	15,293	5,355
	<u>663,914</u>	<u>457,013</u>	<u>80,795</u>	<u>24,328</u>
Less: Current liabilities				
Loans and borrowings	2,572	-	2,572	-
Trade and other payables	429,606	363,744	-	1
Lease liabilities	62,783	63,964	137	335
Other liabilities	38,871	37,754	2,858	2,504
Amount due to related parties	68,885	24,854	-	-
Income tax payable	20,175	15,540	-	-
	<u>622,892</u>	<u>505,856</u>	<u>5,567</u>	<u>2,840</u>
Net current assets/(liabilities)	<u>41,022</u>	<u>(48,843)</u>	<u>75,228</u>	<u>21,488</u>
Non-current liabilities				
Loans and borrowings	61,620	-	61,620	-
Lease liabilities	180,022	247,926	-	142
Deferred tax liabilities	14,521	12,483	10,821	9,699
	<u>256,163</u>	<u>260,409</u>	<u>72,441</u>	<u>9,841</u>
Net assets	<u>213,801</u>	<u>182,680</u>	<u>66,281</u>	<u>60,618</u>
Equity attributable to the holders of the Company				
Share capital	67,148	67,148	67,148	67,148
Treasury shares	(25,031)	(24,853)	(25,031)	(24,853)
Statutory common reserve	32,796	27,352	-	-
Currency translation reserve	(290)	242	(299)	232
Revenue reserve	139,178	112,791	24,463	18,091
Total equity	<u>213,801</u>	<u>182,680</u>	<u>66,281</u>	<u>60,618</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	2,572	-	-

Amount repayable after one year

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	61,620	-	-

Details of any collateral

As at 31 December 2020, a total amount of RMB 39,503,000 of bonds issued by the Company and a bank borrowing of RMB 24,689,000 were interest bearing and unsecured.

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

	← Group →	
	FY 2020 RMB'000	FY 2019 RMB'000
Cash flows from operating activities		
Profit before taxation	78,578	77,832
Adjustments for:		
Depreciation of property, plant and equipment	12,284	12,254
Depreciation of right-of-use assets	66,641	65,731
Impairment on property, plant and equipment	-	1,176
Impairment on right-of-use assets	6,151	866
Impairment on other receivables	-	2,524
Net gain on disposal of property, plant and equipment	(6)	(18)
Write-back of impairment on rental deposits	-	(1,988)
Write-back of lease liabilities	-	(3,834)
Amortisation of step rental income	132	(826)
Accrued step rental income written off	822	3,447
Provision for termination of lease	-	2,001
Rent concession	(7,110)	-
Interest income	(6,677)	(3,875)
Finance costs	15,005	15,898
Share of results of joint ventures	3,690	1,508
Share of results of associates	(12,872)	(4,646)
Unrealised exchange difference	(1,490)	215
Operating cash flows before changes in working capital	155,148	168,265
Increase in inventories	(41,740)	(17,672)
Increase in prepayments	(53,570)	(8,009)
Increase in trade and other receivables	(29,067)	(578)
Increase in trade and other payables	110,902	79,188
Cash flows generated from operation	141,673	221,194
Interest received	5,380	3,875
Interest paid	(1,587)	-
Tax paid	(13,444)	(23,443)
Net cash flows generated from operating activities	132,022	201,626
Cash flows from financing activities		
Dividends paid	(24,059)	(29,231)
Interest on lease liabilities paid	(13,034)	(14,626)
Purchase of treasury shares	(178)	-
Proceeds from loans and borrowings	65,010	-
Repayment of lease liabilities	(68,897)	(78,196)
Net cash flows used in financing activities	(41,158)	(122,053)
Cash flows from investing activities		
Dividend income	3,685	-
Purchases of property, plant and equipment	(3,673)	(17,865)
Investment in joint ventures	(9,000)	(5,040)
Amount due from associates	(11,700)	(15,300)
Proceeds from disposal of property, plant and equipment	15	20
Bank deposit pledged	10,000	11,100
Net cash flows used in investing activities	(10,673)	(27,085)
Net increase in cash and cash equivalents	80,191	52,488
Effect of exchange rate changes on cash and cash equivalents	(442)	529
Cash and cash equivalents at beginning of financial period	260,041	207,024
Cash and cash equivalents at end of financial period	339,790	260,041
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:		
Cash on hand	2,948	3,447
Bank balances	336,842	256,594
	339,790	260,041

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					
Group	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Statutory common reserve RMB'000	Total equity RMB'000
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	-	-	(532)	-	-	(532)
Profit for the period	-	-	-	55,890	-	55,890
Transfer to statutory common reserve	-	-	-	(5,444)	5,444	-
Total comprehensive income for the period	-	-	(532)	50,446	5,444	55,358
Purchase of treasury shares	-	(178)	-	-	-	(178)
Dividends paid	-	-	-	(24,059)	-	(24,059)
Balance at 31 December 2020	67,148	(25,031)	(290)	139,178	32,796	213,801
Balance at 1 January 2019, as previously reported	67,148	(24,853)	(193)	125,000	27,352	194,454
Adoption of SFRS(I) 16	-	-	-	(35,165)	-	(35,165)
Balance at 1 January 2019	67,148	(24,853)	(193)	89,835	27,352	159,289
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	435	-	-	435
Profit for the period	-	-	-	52,187	-	52,187
Total comprehensive income for the period	-	-	435	52,187	-	52,622
Dividends paid	-	-	-	(29,231)	-	(29,231)
Balance at 31 December 2019	67,148	(24,853)	242	112,791	27,352	182,680

	Attributable to equity holders of the Company				
	Share capital	Treasury shares	Currency translation reserve	Revenue reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company					
Balance at 1 January 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	-	-	(531)	-	(531)
Profit for the period	-	-	-	30,431	30,431
Total comprehensive income for the period	-	-	(531)	30,431	29,900
Purchase of treasury shares	-	(178)	-	-	(178)
Dividends paid	-	-	-	(24,059)	(24,059)
Balance at 31 December 2020	67,148	(25,031)	(299)	24,463	66,281
Balance at 1 January 2019, as previously reported	67,148	(24,853)	(204)	23,149	65,240
Adoption of SFRS(I) 16				(15)	(15)
Balance at 1 January 2019	67,148	(24,853)	(204)	23,134	65,225
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	436	-	436
Profit for the period	-	-	-	24,188	24,188
Total comprehensive income for the period	-	-	436	24,188	24,624
Dividends paid	-	-	-	(29,231)	(29,231)
Balance at 31 December 2019	67,148	(24,853)	232	18,091	60,618

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 FY 2020.

There were a total of 4,552,300 treasury shares held as at 31 December 2020 (31 December 2019: 4,494,300).

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

- 1(d) (iii) 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 2020 were 191,767,700 (31 December 2019: 191,825,700).

- 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.**

	FY 2020	FY 2019
Balance at beginning of financial period	4,494,300	4,494,300
Purchase of treasury shares	<u>58,000</u>	<u>-</u>
Balance at end of financial period	<u>4,552,300</u>	<u>4,494,300</u>

- 1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

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

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

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 2019.

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 2020. 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	FY 2020	FY 2019
	RMB cents	RMB cents
(a) Based on weighted average no. of shares	29.14	27.21
(b) Based on fully diluted basis	29.14	27.21
Weighted average no. of shares applicable to basic earnings per share	191,789,738	191,825,700
Weighted average no. of shares based on fully diluted basis	191,789,738	191,825,700

- 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 →	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share	111.49	95.23	34.56	31.60

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss 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 financial year ended 31 December 2019 ("FY 2019") and FY 2020 is as follows:-

The Group's revenue rose by 17% to RMB1,230.2 million (RMB1,050.9 million) in FY 2020 mainly due to sales of Moutai distilled liquor through the direct sales arrangement with a unit of Kweichow Moutai Group, which commenced in the second half of 2020. The sales of Moutai distilled liquor not only gave a boost to the Group's revenue from direct sales, but also drove other merchandise sales. In addition, the increase in the Group's revenue was also attributable to the contribution from the Group's five new stores in Fujian province, namely Maluanwan Store, Yongchun Store, Luncang Store, Jinfeng Store and Guanqiao Store, opened between mid-2019 and early 2020, offset by the closure of Xianyou Store in August 2020 and the significant adverse impact from the Covid-19 pandemic on the Group's revenue especially its concessionaire sales of department store items. As a result, the Group's same store sales growth* ("SSSG") rose slightly to 2.0% (1.0%) in FY 2020.

The Group's gross profit dropped by 5% to RMB283.3 million (RMB298.2 million) in FY 2020 mainly due to the decline in revenue from concessionaire sales, rental income and income from managed rental resulting from the Covid-19's impact.

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:

* 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.

	← Group →		
	FY 2020 RMB'000	FY 2019 RMB'000	Change +/(-) %
Revenue from direct sales activities	1,076,794	862,385	24.9
Cost of sales	<u>(946,928)</u>	<u>(752,750)</u>	25.8
Gross profit from direct sales activities	<u>129,866</u>	<u>109,635</u>	18.5
Gross profit margin on direct sales activities	12.1%	12.7%	(0.6)

The gross profit margin for the direct sales activities fell slightly to 12.1% (12.7%) in FY 2020 mainly due to sales of lower margin Moutai distilled liquor which was fixed by the supplier under the direct sales arrangement.

Other income increased by 2% to RMB94.3 million (RMB92.5 million) in FY 2020 mainly due to (i) rent concession of RMB7.1 million granted by the lessors of the Group's retail premises; and (ii) job support grant of RMB5.2 million mainly from the Chinese Government, offset by (iii) lower advertisement and promotion income in FY 2020; and (iii) the absence of income from (a) write-back of lease liabilities of RMB3.8 million in relation to the closure of Xianyou Store, (b) write-back of impairment on rental deposits of RMB2.0 million for Xinhua Store and (c) business solicitation and promotion income from Yongchun Store of RMB5.7 million which were recorded in FY 2019.

Selling and distribution expenses increased by 2% to RMB199.4 million (RMB194.7 million) in FY 2020 mainly due to the additional operating expenses such as staff costs, rental expenses and depreciation of right-of-use assets arising from the new stores.

Administrative expenses decreased by 6% to RMB100.4 million (RMB106.8 million) in FY 2020 mainly due to (i) lower staff costs resulting from the disruption of the working hours for the administrative staff during China's Covid-19 period; (ii) lower accrued step rental income written off by RMB2.6 million in relation to early termination of some tenants' lease; and (iii) the absence of the provision for termination of lease amounting to RMB2.0 million mainly for Xianyou Store which were recorded in FY 2019, offset by (iv) higher impairment charges by RMB4.1 million on property, plant and equipment and right-of-use assets of the Group's underperforming store.

The Group's share of results of associates and joint ventures contributed a combined profit of RMB9.2 million (RMB3.1 million) in FY 2020 mainly due to (i) share of profit of RMB15.5 million (RMB5.9 million) with one of the Group's associates operating the outlet mall in Changsha City, offset by (ii) share of the pre-operating loss of RMB3.7 million (RMB1.5 million) with the Group's new joint venture, Wuxi Shi Yueshang Outlets Co., Ltd. ("Wuxi Yueshang") to establish an outlet mall in Wuxi City; (ii) share of loss of RMB2.6 million (RMB1.3 million) 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 12% to RMB22.7 million (RMB25.6 million) in FY 2020 mainly due to lower profit before share of results of the Group's associates and joint ventures in FY 2020.

As a result of the preceding factors mentioned, net profit for the Group rose 7% to RMB55.9 million (RMB52.2 million) in FY 2020 mainly due to (i) higher revenue driven by the sales of Moutai distilled liquor and the contribution from the new stores; (ii) rental concession from the Group's lessors and the job support grant from the government; and (iii) share of profit from the Group's associate which is operating the outlet mall in Changsha City.

Balance Sheet

A review of the balance sheet items as at 31 December 2019 and 31 December 2020 is as follows:-

Non-current assets declined by RMB63.0 million or 13% to RMB428.9 million (RMB491.9 million) as at 31 December 2020 mainly due to decrease in right-of-use assets by RMB66.7 million largely attributable to its depreciation charges for the financial year and impairment charges on the right-of-use assets of the Group's underperforming store.

Current assets increased by RMB206.9 million or 45% to RMB663.9 million (RMB457.0 million) as at 31 December 2020 mainly due to (i) increase in inventories and prepayments by RMB95.3 million mainly relating to purchase of Moutai distilled liquor; (ii) increase in trade and other receivables by RMB 29.7 million resulting from selling prepaid cash cards to corporate; (iii) advance to Citi-base amounting to RMB11.7 million; and (iv) increase in cash and cash equivalents by RMB79.7 million resulting from the cash generated from the Group's operations and proceeds from issue of the Company's bonds and bank borrowings which was partly offset by cash dividend payout and repayment of lease liabilities, offset by (v) decrease in restricted cash by RMB10.0 million as a result of the release of bank deposit being pledged for a bank guarantee of Citi-base.

Current liabilities increased by RMB117.0 million or 23% to RMB622.9 million (RMB505.9 million) as at 31 December 2020 mainly due to (i) increase in trade and other payables by RMB65.9 million resulting from higher procurement activities and advances from sales of prepaid cash cards to consumers; and (ii) increase in amount due to related parties by RMB44.0 million resulting from purchases made by consumers using the Group's prepaid cash cards at the managed stores.

Non-current liabilities decreased by RMB4.2 million or 2% to RMB256.2 million (RMB260.4 million) as at 31 December 2020 mainly due to (i) repayment of lease liabilities, offset by (ii) issue of three-year unlisted, unsecured and transferable interest bearing bonds amounting to RMB39.5 million and the non-current portion of bank borrowings of RMB22.1 million mainly for financing the Group's Wuxi outlet mall project.

Cash flow statement

The Group reported a net increase of RMB79.7 million in cash and cash equivalents in FY 2020 mainly due to:

- 1 Net cash generated from operating activities amounting to RMB132.0 million in FY 2020. This was attributable mainly to (i) operating cash flows before working capital changes of RMB155.1 million in FY 2020 after adjustments mainly for depreciation of property, plant and equipment of RMB12.3 million, depreciation of right-of-use assets of RMB66.6 million, impairment of on right-of-use assets of RMB6.2 million and rent concession of RMB7.1 million; and (ii) increase in trade and other payables by RMB110.9 million resulting from higher procurement activities, advances received from sales of prepaid cash cards to consumers, and purchases made by consumers using the Group's prepaid cash cards at the managed stores, offset by (iii) increase in inventories and prepayments by

RMB95.3 million mainly relating to purchase of Moutai distilled liquor; (iv) increase in trade and other receivables by RMB29.1 million resulting from selling prepaid cash cards to corporate; and (v) payment of income tax of RMB13.4 million in FY 2020.

Offset by:

- 2 Net cash used in financing activities amounting to RMB41.2 million in FY 2020 mainly for (i) distribution of dividends amounting to RMB24.1 million; and (ii) repayment of lease liabilities and the related interest amounting to RMB81.9 million, offset by (iii) proceeds from bank borrowings of RMB25.0 million and issue of Company's bonds amounting to RMB40.0 million.
- 3 Net cash used in investing activities amounting to RMB10.7 million in FY 2020 mainly for (i) acquisition of property, plant and equipment amounting to RMB3.7 million; (ii) capital injection of RMB9.0 million in Wuxi Yueshang; (iii) advance to Citi-base amounting to RMB11.7 million, offset by (iv) cash dividend of RMB3.7 million received from the Group's associate in Changsha; and (v) release of bank deposit being pledged for a bank guarantee of Citi-base amounting to RMB10.0 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 performance in FY 2020 is largely in line with what was previously reported or disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the National Bureau of Statistics of China, real GDP in China grew 2.3% in 2020. Retail sales of consumer products excluding automobiles fell 4.1% in 2020. Within the sub-segments of retail sales, supermarket sales grew 3.1% while department store sales fell 9.8%. Economic activities were stronger in the second half.

All our stores have been operating normally. Online purchases of supermarket products, which started at our Xiamen City stores, are now available in most stores.

In 2020, we signed direct sales agreement worth about RMB200 million worth of liquor from Kweichow Moutai Group. Due to our good sales performance for Moutai liquor and our healthy relationship with Kweichow Moutai Group, we have signed direct sales agreement for 2021 to satisfy a small part of our customers' demand.

Over the next 12 months, we intend to roll out four projects: a 7,700 sqm store in Jinjiang, Quanzhou City, a 1,200 sqm store in Quangan, Quanzhou City, a 3,500 sqm store in Anxi, Quanzhou City and a 380,000 sqm outlet mall in Huishan, Wuxi City. The satisfactory performance of ZMBH Sasseur Outlet gives us confidence that the outlet mall business in China has good growth prospects, hence we have started focusing in this area. Our operating/managed GFA is expected to increase by 392,400 or 179% from 219,100 sqm as at end 2020 to 611,500 sqm upon the completion of this rollout plan.

Barring unforeseen circumstances, we expect 2021 to be a satisfactory year.

11 Dividend**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend amount per ordinary share	1.0 Singapore cent	2.0 Singapore cents
Tax rate	One-tier tax exempt	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend amount per ordinary share	1.5 Singapore cent	1.5 Singapore cents
Tax rate	One-tier tax exempt	One-tier tax exempt

(c) Date payable

The proposed dividend will be paid on or about 21 May 2021 and is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(d) Record date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 pm on 10 May 2021 for the purpose of determining shareholders' entitlements to the final dividend.

Duly completed registrable transfers received by the Company's Share Transfer Agent, boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 10 May 2021 will be registered to determine shareholders' entitlements to the final dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 10 May 2021 will be entitled to the final dividend.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 Interested person transactions

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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB4,718,160	-
Sales commission charged by a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB768,084	-
Rental agreement entered into with a related party (lessor): Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB1,098,225	

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

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

No reporting by geographical location and business segments is presented as the business operations of the Group are solely in the retail industry in the PRC.

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 17 A breakdown of sales.**

	← Group →		
	FY 2020 RMB'000	FY 2019 RMB'000	Change +/(-) %
Revenue			
- first half	510,374	507,515	0.6
- second half	719,860	543,420	32.5
	<u>1,230,234</u>	<u>1,050,935</u>	17.1
Profit after taxation			
- first half	28,909	39,024	(25.9)
- second half	26,981	13,163	105.0
	<u>55,890</u>	<u>52,187</u>	7.1

- 18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Full year ended	
	31/12/2020	31/12/2019
	S\$'000	S\$'000
Ordinary		
- Interim	1,978	2,877
- Final*	3,835	2,877
Total:	5,813	5,754

* FY 2020's final dividend is estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year, and is subject to the approval of shareholders at the forthcoming Annual General Meeting.

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19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chen Huiling	33	Daughter of Chen Kaitong	Head of the Fourth Merchandising Department (since 1 July 2020). Her duties include the Group's business solicitation, procurement and sales management for menswear and sportswear.	N.A.

BY ORDER OF THE BOARD

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

1 March 2021