

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

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**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 fourth quarter (“4Q 2019”) and financial year ended 31 December 2019 (“FY 2019”)

	← Group →					
	3 months ended		Change	12 months ended		Change
	31/12/2019	31/12/2018	+/(-) %	31/12/2019	31/12/2018	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
<b>Revenue<sup>(1)</sup></b>	264,289	238,075	11.0	1,050,935	966,975	8.7
Cost of sales	<u>(187,717)</u>	<u>(165,035)</u>	13.7	<u>(752,750)</u>	<u>(686,681)</u>	9.6
<b>Gross profit</b>	76,572	73,040	4.8	298,185	280,294	6.4
Other income	20,888	16,122	29.6	92,526	94,071	(1.6)
Interest income	708	1,121	(36.8)	3,875	3,515	10.2
Selling and distribution expenses	(57,072)	(55,159)	3.5	(194,698)	(198,639)	(2.0)
Finance costs	(1,888)	-	n.m.	(15,898)	(40)	n.m.
Impairment loss on financial assets	(2,524)	(2,000)	26.2	(2,524)	(3,988)	(36.7)
Administrative expenses	<u>(32,723)</u>	<u>(29,884)</u>	9.5	<u>(106,772)</u>	<u>(105,142)</u>	1.6
<b>Profit before taxation and share of results of associates and joint venture</b>	3,961	3,240	22.3	74,694	70,071	6.6
Share of results of joint venture	(1,508)	-	n.m.	(1,508)	-	n.m.
Share of results of associates	<u>633</u>	<u>(3,282)</u>	n.m.	<u>4,646</u>	<u>(4,902)</u>	n.m.
<b>Profit/(loss) before taxation<sup>(2)</sup></b>	3,086	(42)	n.m.	77,832	65,169	19.4
Income tax expense	<u>(8,908)</u>	<u>(7,187)</u>	23.9	<u>(25,645)</u>	<u>(24,711)</u>	3.8
<b>Profit/(loss) after taxation</b>	<u>(5,822)</u>	<u>(7,229)</u>	(19.5)	<u>52,187</u>	<u>40,458</u>	29.0
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Currency translation gain/(loss)	<u>(16)</u>	<u>625</u>	n.m.	<u>435</u>	<u>464</u>	(6.3)
Other comprehensive income, net of tax	<u>(16)</u>	<u>625</u>	n.m.	<u>435</u>	<u>464</u>	(6.3)
<b>Total comprehensive income for the for the period attributable to the owners of the Company</b>	<u>(5,838)</u>	<u>(6,604)</u>	11.6	<u>52,622</u>	<u>40,922</u>	28.6

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					
	3 months ended		Change	12 months ended		Change
	31/12/2019	31/12/2018	+/(-) %	31/12/2019	31/12/2018	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
<b>Revenue:</b>						
- Direct sales	214,436	187,491	14.4	862,385	775,034	11.3
- Commission from concessionaire sales	34,949	34,605	1.0	132,181	134,947	(2.0)
- Rental income	11,291	12,509	(9.7)	42,564	42,810	(0.6)
- Managed rental	3,613	3,470	4.1	13,805	14,184	(2.7)
	<u>264,289</u>	<u>238,075</u>	11.0	<u>1,050,935</u>	<u>966,975</u>	8.7
Gross revenue from concessionaire sales	<u>178,973</u>	<u>175,019</u>	2.3	<u>661,281</u>	<u>665,994</u>	(0.7)
Gross sales proceeds*	<u>408,313</u>	<u>378,489</u>	7.9	<u>1,580,035</u>	<u>1,498,022</u>	5.5

\* 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					
	3 months ended		Change	12 months ended		Change
	31/12/2019	31/12/2018	+/(-) %	31/12/2019	31/12/2018	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Profit before tax is arrived at after (charging)/crediting the following:						
Inventories written back/(down)	(22)	125	n.m.	278	259	7.3
<b>Other income:</b>						
Advertisement and promotion fees	17,233	12,743	35.2	66,972	63,064	6.2
Leisure facilities charges	423	181	133.7	1,356	814	66.6
Management fees	1,239	1,239	-	4,925	4,925	-
Net gain on disposal of investment in joint venture	-	-	n.m.	-	726	n.m.
Write-back of allowance for impairment on property, plant and equipment	-	-	n.m.	18	-	n.m.
Write-back of impairment on rental deposits	-	-	n.m.	1,988	-	n.m.
Write-back of lease liabilities	(212)	-	n.m.	3,834	-	n.m.
Write-back of rent-free incentives and step rental provision	-	-	n.m.	-	17,033	n.m.
<b>Selling and distribution expenses:</b>						
Employee benefit expenses						
- Defined contribution plans	(4,155)	(4,601)	(9.7)	(10,359)	(12,025)	(13.9)
- Salaries, wages, bonuses and other costs	(19,665)	(15,921)	23.5	(65,649)	(57,296)	14.6
Rental expenses	-	(22,825)	n.m.	-	(83,931)	n.m.
Utilities	(4,721)	(4,821)	(2.1)	(21,918)	(22,646)	(3.2)
Amortisation of intangible assets	(120)	(120)	-	(478)	(478)	-
Advertisement and promotion fees	(2,977)	(1,304)	128.3	(8,667)	(4,400)	97.0
Business tax and surcharges	(1,852)	(2,254)	(17.8)	(6,683)	(7,629)	(12.4)
Depreciation of right-of-use assets	(19,214)	-	n.m.	(65,253)	-	n.m.
<b>Impairment loss on financial assets:</b>						
Other receivables	(2,524)	(2,000)	26.2	(2,524)	(2,000)	26.2
Rental deposits	-	-	n.m.	-	(1,988)	n.m.
<b>Administrative expenses:</b>						
Employee benefit expenses						
- Defined contribution plans	(2,562)	(2,731)	(6.2)	(6,625)	(6,815)	(2.8)
- Salaries, wages, bonuses and other costs	(17,560)	(17,294)	1.5	(60,771)	(55,151)	10.2
Accrued step rental income written off	(3,447)	-	n.m.	(3,447)	-	n.m.
Bank charges	(1,018)	(1,059)	(3.9)	(4,083)	(4,540)	(10.1)
Director fees	(198)	(194)	2.1	(779)	(774)	0.6
Depreciation of property, plant and equipment	(2,212)	(2,392)	(7.5)	(12,254)	(12,579)	(2.6)
Office supplies	(359)	(221)	62.4	(1,454)	(917)	58.6
Impairment on long-term investment	-	-	n.m.	-	(3,800)	n.m.
Impairment on property, plant and equipment	(1,176)	(2,258)	(47.9)	(1,176)	(4,158)	(71.7)
Impairment on right-of-use assets	(866)	-	n.m.	(866)	-	n.m.
Net loss on disposal of property, plant and equipment	-	-	n.m.	-	(1)	n.m.
Provision for termination of lease	-	-	n.m.	(2,001)	(4,832)	(58.6)
Exchange loss	(45)	(728)	(93.8)	(556)	(736)	(24.5)

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 →	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	149,715	145,279	51	80
Right-of-use assets	259,161	-	459	-
Intangible assets	4,885	5,362	-	-
Investment in subsidiaries	-	-	48,378	48,378
Investment in joint ventures	3,532	-	-	-
Investment in associates	33,747	29,101	-	-
Other receivables	-	1,000	-	-
Deferred tax assets	20,776	12,025	3	-
Other assets	4,740	7,361	-	-
	<u>476,556</u>	<u>200,128</u>	<u>48,891</u>	<u>48,458</u>
<b>Current assets</b>				
Inventories	117,804	100,132	-	-
Prepayments	13,957	9,414	24	26
Trade and other receivables	33,456	31,424	83	82
Amount due from a subsidiary	-	-	18,947	25,500
Amount due from associates	29,700	14,400	-	-
Amount due from related parties	9,885	10,873	-	-
Restricted cash	10,000	21,100	-	-
Cash and cash equivalents	260,041	207,024	5,355	2,175
	<u>474,843</u>	<u>394,367</u>	<u>24,409</u>	<u>27,783</u>
<b>Less: Current liabilities</b>				
Trade and other payables	363,744	304,136	1	1
Lease liabilities	63,964	-	335	-
Other liabilities	37,754	38,840	2,504	2,480
Amount due to related parties	24,854	3,862	-	-
Income tax payable	15,540	16,595	-	-
	<u>505,856</u>	<u>363,433</u>	<u>2,840</u>	<u>2,481</u>
<b>Net current (liabilities)/assets</b>	<u>(31,013)</u>	<u>30,934</u>	<u>21,569</u>	<u>25,302</u>
<b>Non-current liabilities</b>				
Lease liabilities	247,926	-	142	-
Other liabilities	-	24,987	-	-
Deferred tax liabilities	12,483	11,621	9,699	8,520
	<u>260,409</u>	<u>36,608</u>	<u>9,841</u>	<u>8,520</u>
<b>Net assets</b>	<u>185,134</u>	<u>194,454</u>	<u>60,619</u>	<u>65,240</u>
<b>Equity attributable to the holders of the Company</b>				
Share capital	67,148	67,148	67,148	67,148
Treasury shares	(24,853)	(24,853)	(24,853)	(24,853)
Statutory common reserve	27,352	27,352	-	-
Currency translation reserve	242	(193)	232	(204)
Revenue reserve	115,245	125,000	18,092	23,149
<b>Total equity</b>	<u>185,134</u>	<u>194,454</u>	<u>60,619</u>	<u>65,240</u>

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

**Amount repayable in one year or less, or on demand**

None.

**Amount repayable after one year**

None.

**Details of any collateral**

Not applicable.

**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			
	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	3,086	(42)	77,832	65,169
Adjustments for:				
Depreciation of property, plant and equipment	2,212	2,392	12,254	12,579
Depreciation of right-of-use assets	19,214	-	65,253	-
Amortisation of intangible assets	120	120	478	478
Impairment on long-term investment	-	-	-	3,800
Impairment on property, plant and equipment	1,176	2,258	1,176	4,158
Impairment on right-of-use assets	866	-	866	-
Impairment on other receivables	2,524	2,000	2,524	2,000
Impairment on deposits	-	-	-	1,988
Net gain on disposal of investment in joint venture	-	-	-	(726)
Net loss on disposal of property, plant and equipment	-	-	-	1
(Reversal of)/provision for rent-free incentives and step rental	-	2,360	-	(523)
Write-back of allowance for impairment of property, plant and equipment	-	-	(18)	-
Write-back of impairment on rental deposits	-	-	(1,988)	-
Write-back of lease liabilities	212	-	(3,834)	-
Write-back of rent-free incentives and step rental provision	-	-	-	(17,033)
Amortisation of step rental income	(826)	(2,770)	(826)	(2,770)
Accrued step rental income written off	3,447	-	3,447	-
Provision for termination of lease	-	-	2,001	4,832
Inventories written (back)/down	22	(125)	(278)	(259)
Interest income	(708)	(1,121)	(3,875)	(3,515)
Finance costs	1,888	-	15,898	40
Share of results of joint venture	1,508	-	1,508	-
Share of results of associates	(633)	3,282	(4,646)	4,902
Unrealised exchange difference	26	-	215	-
<b>Operating cash flows before changes in working capital</b>	<b>34,134</b>	<b>8,354</b>	<b>167,987</b>	<b>75,121</b>
(Increase)/decrease in inventories	(6,351)	2,267	(17,394)	4,849
(Increase)/decrease in prepayments	(2,323)	18,342	(8,009)	9,087
Increase in trade and other receivables	(70)	(1,029)	(578)	(4,301)
Increase in trade and other payables	23,280	6,915	79,188	9,682
<b>Cash flows generated from operation</b>	<b>48,670</b>	<b>34,849</b>	<b>221,194</b>	<b>94,438</b>
Interest received	708	1,121	3,875	3,515
Interest paid	-	-	-	(40)
Tax paid	(4,854)	(1,852)	(23,443)	(23,035)
<b>Net cash flows generated from operating activities</b>	<b>44,524</b>	<b>34,118</b>	<b>201,626</b>	<b>74,878</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(29,231)	(18,649)
Interest on lease liabilities paid	(1,899)	-	(14,626)	-
Purchase of treasury shares	-	-	-	(112)
Proceeds from loans and borrowings	-	-	-	40,000
Repayment of loans and borrowings	-	-	-	(40,000)
Repayment of lease liabilities	(16,306)	-	(78,196)	-
<b>Net cash flows used in financing activities</b>	<b>(18,205)</b>	<b>-</b>	<b>(122,053)</b>	<b>(18,761)</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(4,259)	(190)	(17,865)	(1,916)
(Investment in)/disposal of joint ventures	(3,000)	-	(5,040)	2,000
Investment in associates	-	(4,750)	-	(9,500)
Amount due from associates	(6,300)	(3,000)	(15,300)	(6,000)
Proceeds from disposal of property, plant and equipment	-	-	20	-
Bank deposit pledged	-	(21,100)	11,100	(21,100)
<b>Net cash flows used in investing activities</b>	<b>(13,559)</b>	<b>(29,040)</b>	<b>(27,085)</b>	<b>(36,516)</b>
Net increase in cash and cash equivalents	12,760	5,078	52,488	19,601
Effect of exchange rate changes on cash and cash equivalents	74	768	529	825
Cash and cash equivalents at beginning of financial period	247,207	201,178	207,024	186,598
<b>Cash and cash equivalents at end of financial period</b>	<b>260,041</b>	<b>207,024</b>	<b>260,041</b>	<b>207,024</b>
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:				
Cash on hand	3,447	3,774	3,447	3,774
Bank balances	256,594	203,250	256,594	203,250
	<b>260,041</b>	<b>207,024</b>	<b>260,041</b>	<b>207,024</b>

**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	
<b>Group</b>						
<b>Balance at 1 January 2019, as previously reported</b>	67,148	(24,853)	(193)	125,000	27,352	194,454
Adoption of SFRS(I) 16	-	-	-	(32,711)	-	(32,711)
<b>Balance at 1 January 2019</b>	67,148	(24,853)	(193)	92,289	27,352	161,743
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	451	-	-	451
Profit for the period	-	-	-	58,009	-	58,009
Total comprehensive income for the period	-	-	451	58,009	-	58,460
Dividends paid	-	-	-	(29,231)	-	(29,231)
<b>Balance at 30 September 2019</b>	67,148	(24,853)	258	121,067	27,352	190,972
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(16)	-	-	(16)
Loss for the period	-	-	-	(5,822)	-	(5,822)
Total comprehensive income for the period	-	-	(16)	(5,822)	-	(5,838)
<b>Balance at 31 December 2019</b>	67,148	(24,853)	242	115,245	27,352	185,134
<b>Balance at 1 January 2018</b>	67,148	(24,741)	(657)	104,244	26,299	172,293
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(161)	-	-	(161)
Profit for the period	-	-	-	47,687	-	47,687
Total comprehensive income for the period	-	-	(161)	47,687	-	47,526
Purchase of treasury shares	-	(112)	-	-	-	(112)
Dividends paid	-	-	-	(18,649)	-	(18,649)
<b>Balance at 30 September 2018</b>	67,148	(24,853)	(818)	133,282	26,299	201,058
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	625	-	-	625
Loss for the period	-	-	-	(7,229)	-	(7,229)
Transfer to statutory common reserve	-	-	-	(1,053)	1,053	-
Total comprehensive income for the period	-	-	625	(8,282)	1,053	(6,604)
<b>Balance at 31 December 2018</b>	67,148	(24,853)	(193)	125,000	27,352	194,454

	Attributable to equity holders of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Revenue reserve RMB'000	Total equity RMB'000
<b>Company</b>					
<b>Balance at 1 January 2019, as previously reported</b>	67,148	(24,853)	(204)	23,149	65,240
Adoption of SFRS(I) 16	-	-	-	(14)	(14)
<b>Balance at 1 January 2019</b>	67,148	(24,853)	(204)	23,135	65,226
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	452	-	452
Profit for the period	-	-	-	19,665	19,665
Total comprehensive income for the period	-	-	452	19,665	20,117
Dividends paid	-	-	-	(29,231)	(29,231)
<b>Balance at 30 September 2019</b>	67,148	(24,853)	248	13,569	56,112
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(16)	-	(16)
Loss for the period	-	-	-	4,523	4,523
Total comprehensive income for the period	-	-	(16)	4,523	4,507
<b>Balance at 30 September 2019</b>	67,148	(24,853)	232	18,092	60,619
<b>Balance at 1 January 2018</b>	67,148	(24,741)	(667)	26,397	68,137
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	(162)	-	(162)
Loss for the period	-	-	-	(4,948)	(4,948)
Total comprehensive income for the period	-	-	(162)	(4,948)	(5,110)
Purchase of treasury shares	-	(112)	-	-	(112)
Dividends paid	-	-	-	(18,649)	(18,649)
<b>Balance at 30 September 2018</b>	67,148	(24,853)	(829)	2,800	44,266
Exchange difference arising from the translation from functional currency to presentation currency representing other comprehensive income for the period	-	-	625	-	625
Profit for the period	-	-	-	20,349	20,349
Total comprehensive income for the period	-	-	625	20,349	20,974
<b>Balance at 31 December 2018</b>	67,148	(24,853)	(204)	23,149	65,240



- 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 4Q 2019.

There were a total of 4,494,300 treasury shares held as at 31 December 2019 (31 December 2018: 4,494,300).

There were no outstanding convertibles issued or subsidiary holdings as at 31 December 2019.

- 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 2019 were 191,825,700 (31 December 2018: 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.**

	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Balance at beginning of financial period	4,494,300	4,494,300	4,494,300	4,468,300
Purchase of treasury shares	-	-	-	26,000
Balance at end of financial period	4,494,300	4,494,300	4,494,300	4,494,300

- 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.

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**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 2018.

**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 2019. Other than the adoption of SFRS(I) 16, 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.

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted SFRS(I) 16 on a modified retrospective approach with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019, with no restatement of comparative information. Prior to the adoption of SFRS(I) 16, the Group as lessee recognised operating lease payments as an expense in profit or loss on a straight-line basis.

The impact on the Group's financial statements arising from the adoption of SFRS(I) 16 as at 1 January 2019 is as follows:

	Group			Company		
	As previously stated 1/1/2019 RMB'000	Adjustments RMB'000	Adjusted 1/1/2019 RMB'000	As previously stated 1/1/2019 RMB'000	Adjustments RMB'000	Adjusted 1/1/2019 RMB'000
<b>Non-current assets</b>						
Right-of-use assets	-	314,370	314,370	-	763	763
Deferred tax assets	12,025	11,392	23,417	-	3	3
Other non-current assets	188,103	-	188,103	48,458	-	48,458
	200,128	325,762	525,890	48,458	766	49,224
<b>Current assets</b>						
Prepayments	9,414	(3,467)	5,947	26	-	26
Other current assets	384,953	-	384,953	27,757	-	27,757
	394,367	(3,467)	390,900	27,783	-	27,783
<b>Less: Current liabilities</b>						
Trade and other payables	304,136	(274)	303,862	1	-	1
Lease liabilities	-	69,473	69,473	-	316	316
Other liabilities	38,840	(1,470)	37,370	2,480	-	2,480
Other current liabilities	20,457	-	20,457	-	-	-
	363,433	67,729	431,162	2,481	316	2,797
<b>Net current assets/(liabilities)</b>	30,934	(71,196)	(40,262)	25,302	(316)	24,986
<b>Non-current liabilities</b>						
Lease liabilities	-	312,264	312,264	-	464	464
Other liabilities	24,987	(24,987)	-	-	-	-
Other non-current liabilities	11,621	-	11,621	8,520	-	8,520
<b>Net assets</b>	194,454	(32,711)	161,743	65,240	(14)	65,226
<b>Equity attributable to the holders of the Company</b>						
Share capital	67,148	-	67,148	67,148	-	67,148
Treasury shares	(24,853)	-	(24,853)	(24,853)	-	(24,853)
Reserve	152,159	(32,711)	119,448	22,945	(14)	22,931
<b>Total equity</b>	194,454	(32,711)	161,743	65,240	(14)	65,226

**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.**

	3 months ended		12 months ended	
	31/12/2019 RMB cents	31/12/2018 RMB cents	31/12/2019 RMB cents	31/12/2018 RMB cents
(a) Based on weighted average no. of shares	(3.03)	(3.77)	27.21	21.09
(b) Based on fully diluted basis	(3.03)	(3.77)	27.21	21.09
Weighted average no. of shares applicable to basic earnings per share	191,825,700	191,825,700	191,825,700	191,833,004
Weighted average no. of shares based on fully diluted basis	191,825,700	191,825,700	191,825,700	191,833,004

- 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 →	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share	96.51	101.37	31.60	34.01

- 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 three-month period ended 31 December 2018 ("4Q 2018") and 4Q 2019 and the financial year ended 31 December 2018 ("FY 2018") and FY 2019 is as follows:-

The Group's revenue rose by 11% to RMB264.3 million (RMB238.1 million) in 4Q 2019 and 9% to RMB1,050.9 million (RMB967.0 million) in FY 2019 mainly due to contribution from its four new stores in Fujian province, namely Maluanwan Store, Yongchun Store, Luncang Store and Jinfeng Store, opened in Q2 and Q3 2019. The Group's same store sales growth\* ("SSSG") improved to 0.7% (-3.0%) in 4Q 2019 and 1.0% (-1.2%) in FY 2019 mainly due to higher revenue from direct sales resulting from the strengthening of sales management since the last financial year end. As a result, the Group's gross profit rose by 5% to RMB76.6 million (RMB73.0 million) in 4Q 2019 and 6% to RMB298.2 million (RMB280.3 million) in FY 2019.

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 →					
	3 months ended		Change	12 months ended		Change
	31/12/2019	31/12/2018	+ / (-)	31/12/2019	31/12/2018	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue from direct sales activities	214,436	187,491	14.4	862,385	775,034	11.3
Cost of sales	(187,717)	(165,035)	13.7	(752,750)	(686,681)	9.6
Gross profit from direct sales activities	26,719	22,456	19.0	109,635	88,353	24.1
Gross profit margin on direct sales activities	12.5%	12.0%	0.5	12.7%	11.4%	1.3

\* 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.

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The gross profit margin for the direct sales activities improved slightly to 12.5% (12.0%) in 4Q 2019 and 12.7% (11.4%) in FY2019 mainly due to increase in sales of higher margin merchandise.

Other income increased by 30% to RMB20.9 million (RMB16.1 million) in 4Q 2019 mainly due to higher advertisement and promotion income. However, it declined by 2% to RMB92.5 million (RMB94.1 million) in FY 2019 mainly due to the absence of income from write-back of rent-free incentives and step rental provision of RMB17.0 million that was recorded in FY2018, offset by the recording as income in FY2019 (i) write-back of lease liabilities of RMB3.8 million in relation to the closure of Xianyou Store; (ii) business solicitation and promotion income from Yongchun Store of RMB5.7 million; and (iii) write-back of impairment on rental deposits of RMB2.0 million for Xinhua Store.

Selling and distribution expenses increased by 4% to RMB57.1 million (RMB55.2 million) in 4Q 2019 mainly due to the additional operating expenses such as staff costs and advertisement and promotion fees arising from the new stores. However, it declined by 2% to RMB194.7 million (RMB198.6 million) in FY 2019 mainly due to the adoption of SFRS(I) 16 in 1Q 2019 which resulted in expenses related to the use of right-of-use assets being partly recognised as depreciation expense, and as interest expense on lease liabilities under finance costs.

Administrative expenses increased by 10% to RMB32.7 million (RMB29.9 million) in 4Q 2019 mainly due to accrued step rental income written off amounting to RMB3.4 million for early termination of some tenants' lease and the impairment charges of RMB2.0 million on property, plant and equipment and right-of-use assets of the Group's underperforming store. In 4Q 2018, the impairment charges of RMB2.3 million on property, plant and equipment for termination of Xianyou Store's lease, was recognised. It increased by 2% to RMB106.8 million (RMB105.1 million) in FY 2019 mainly due to lower administrative expenses recorded in 9M 2019. This was attributable to impairment charges of RMB3.8 million on the investment cost of our 19% interest in Xiamen Citi-Base Commercial Co., Ltd. ("Xiamen Ganghui"), and impairment charges of RMB1.9 million on property plant and equipment and provision for termination of lease amounting to RMB4.8 million which were recognised in relation to the early termination of the previous Xinhua Store's lease in 1Q 2018. The provision for termination of Xianyou Store's lease amounting to RMB1.8 million, was recognised in 3Q 2019.

The Group's share of results of associates and joint venture contributed a combined loss of RMB0.9 million (RMB3.3 million) in Q4 2019 mainly due to our share of the pre-operating loss of RMB1.5 million incurred by the Group's new joint venture, Wuxi Shi Yueshang Outlets Co., Ltd. to establish an outlet mall in Wuxi City. However, its share of results of associates and joint venture contributed a combined profit of RMB3.1 million (loss of RMB4.9 million) in FY 2019 mainly due to share of profit amounting to RMB5.9 million (loss of RMB 4.5 million) earned from one of the Group's associates operating the new outlet mall in Changsha City which opened in late December 2018.

The Group recorded profit before taxation of RMB3.1 million in 4Q 2019 compared to breakeven pre-tax result in 4Q 2018 mainly due to higher gross profit and advertisement and promotion income, offset by the accrued step rental income written off amounting to RMB3.4 million for early termination of tenants' lease, the impairment charges of RMB2.0 million on property, plant and equipment and right-of-use assets of the Group's underperforming store. In Q4 2018, impairment charges of RMB2.3 million on property, plant and equipment of Xianyou Store were recognised, and loss of associates of RMB3.3 million was shared by the Group. As a result, profit before taxation for the Group rose by 19% to RMB77.8 million (RMB65.2 million) in FY 2019.

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The Group recorded income tax expense of RMB8.9 million (RMB7.2 million) in 4Q 2019 mainly due to non-deductible expenses and deferred tax expense arising from the adoption of SFRS(I) 16. The Group recorded tax expense of RMB25.6 million (RMB24.7 million) in FY 2019.

As a result of the preceding factors mentioned, the Group recorded a net loss of RMB5.8 million (RMB7.2 million) in 4Q 2019 and net profit for the Group rose 29% to RMB52.2 million (RMB40.5 million) in FY 2019.

### **Balance Sheet**

A review of the balance sheet items as at 31 December 2018 and 31 December 2019 is as follows:-

Non-current assets increased by RMB276.4 million or 138% to RMB476.6 million (RMB200.1 million) as at 31 December 2019 mainly due to recognition of right-of-use assets of RMB325.3 million in accordance with SFRS(I) 16, offset by its depreciation of RMB65.3 million during the financial year.

Current assets increased by RMB80.5 million or 20% to RMB474.8 million (RMB394.4 million) as at 31 December 2019 mainly due to (i) increase in inventories by RMB17.7 million for the new stores, (ii) advance to an associate of the Group, Citi-base Commerce Logistics (Xiamen) Co ("Citi-base") which had topped out the second phase of its commercial complex in Haicang, Xiamen in 2Q 2019 amounting to RMB15.3 million; and (iii) increase in cash and cash equivalents by RMB53.0 million resulting from the cash generated from the Group's operations which was partly offset by cash dividend payout, repayment of lease liabilities, and purchase of property, plant and equipment.

Current liabilities increased by RMB142.4 million or 39% to RMB505.9 million (RMB363.4 million) as at 31 December 2019 mainly due to (i) increase in trade and other payables by RMB59.6 million resulting from higher procurement activities and advances from sales of prepaid cash cards to consumers; and (ii) recognition of the corresponding current portion of lease liabilities, amounting to RMB64.0 million, for the right to use the leased assets; and (iii) increase in amount due to related parties by RMB21.0 million resulting from purchases made by consumers using the Group's prepaid cash cards at the managed stores.

The Group is in a net current liability position as the adoption of SFRS(I) 16 has resulted in the recording of RMB64.0 million in the current portion of lease liabilities relating to right-of-use assets as at 31 December 2019 which was not applicable as at 31 December 2018.

Non-current liabilities increased by RMB223.8 million to RMB260.4 million (RMB36.6 million) as at 31 December 2019 mainly due to (i) recognition of the non-current portion of the corresponding lease liabilities amounting to RMB247.9 million, offset by (ii) decrease in other liabilities by RMB 25.0 million resulting from the reversal of rent-free incentives and step rental provision in 1Q 2019. This was to adjust the lease expenses accrued in the previous years in accordance with SFRS(I) 16.

### **Cash flow statement**

The Group reported a net increase of RMB53.0 million in cash and cash equivalents in FY 2019 mainly due to:

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- 1 Net cash generated from operating activities amounting to RMB201.6 million in FY 2019. This was attributable mainly to (i) operating cash flows before working capital changes of RMB168.0 million in FY 2019 after adjustments mainly for depreciation of property, plant and equipment of RMB12.3 million, depreciation of right-of-use assets of RMB65.3 million and its finance costs of RMB15.9 million; and (ii) increase in trade and other payables by RMB79.2 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 by RMB17.4 million for the new stores; and (iv) payment of income tax of RMB23.4 million in FY 2019.

Offset by:

- 2 Net cash used in financing activities amounting to RMB122.1 million in FY 2019 mainly for (i) distribution of dividends amounting to RMB29.2 million; and (ii) repayment of lease liabilities and the related interest amounting to RMB92.8 million.
- 3 Net cash used in investing activities amounting to RMB27.1 million in FY 2019 mainly for acquisition of property, plant and equipment amounting to RMB17.9 million; (ii) investment of RMB5.0 million in two joint venture of the Group, Wuxi Shi Yueshang Outlets Co., Ltd. and Guangan Shi Yueshang Commercial Management Co., Ltd.; (iii) advance to Citi-base amounting to RMB15.3 million, offset by (iv) lower fixed deposit being pledged for a bank guarantee of Citi-base by RMB11.1 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 4Q 2019 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, the real GDP in China grew by 6.1% in 2019. Although the growth in the Chinese economy was healthy in 2019, some slowdown can be expected in the early part of 2020 due to the effects of COVID-19 coronavirus infections. The Chinese government has implemented many measures to mitigate the negative effects of COVID-19 on the economy. We expect business activities to recover over time.

Unlike the smaller stores, all our stores in Fujian were allowed to remain open during the early part of the COVID-19 breakout, albeit, on shorten hours. We have gradually extended the operating hours and by the end of March, all stores are back to near normal operating hours. Online purchases of selective brands by our VIP customers via Wechat enabled us to continue servicing our customers during and beyond the COVID-19 outbreak period. As for the Sasseur Changsha (ZMBH) Outlets mall, with the exception of the supermarket, it was shut down temporarily late January and reopened on 15 March 2020.

The Company opened a new store in Guanqiao, Anxi County, Quanzhou City at the beginning of 2020. For the rest of 2020, we plan to open three new stores – Longwen Store, a 43,700 sqm store in Longwen District, Zhangzhou City; Zhangzhou Port Store, a 15,200 sqm store in Zhangzhou China Merchants Economic and Technological Development Zone (CMZD), Zhangzhou City; Guangde Store, a 3,500 sqm store in Anxi County, Quanzhou City. Our self-owned store GFA is expected to increase by 39% from 176,600 sqm as at end 2019 to 245,400 sqm by end 2020.

Our outlet mall business plan is largely still on track as we have started the necessary activities on our Wuxi Mall project, which is expected to be operational in 2H2021.

Barring unforeseen circumstances, we expect 2020 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	1.5 Singapore cent	1.5 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	1.0 Singapore cent	1.5 Singapore cents
Tax rate	One-tier tax exempt	One-tier tax exempt

### (c) Date payable

To be announced at a later date. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

### (d) Books closure date

To be announced at a later date.

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

Not applicable.



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**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.	RMB4,924,528	-

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 →		
	Full year ended 31/12/2019 RMB'000	Full year ended 31/12/2018 RMB'000 (Restated)	Change +/(-) %
Revenue			
- first half	507,515	481,112	5.5
- second half	543,420	485,863	11.8
	1,050,935	966,975	8.7
Profit after taxation			
- first half	39,024	38,064	2.5
- second half	13,163	2,394	449.8
	52,187	40,458	29.0

**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	
	31/12/2019	31/12/2018
	S\$'000	S\$'000
Ordinary		
- Interim	2,877	1,918
- Final*	2,877	2,877
Total:	5,754	4,795

\* FY 2019'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.

**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.**

The Board of Directors hereby confirms that none of the personnel occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

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

**30 March 2020**