Miji International Holdings Limited
米技國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock code : 1715

Miji Design Germany

Miji
Joy in the kitchen

Interim Report 2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Madam Maeck Can Yue
(Chairperson and Chief Executive Officer)
Mr. Walter Ludwig Michel

Independent Non-executive Directors

Mr. Wang Shih-fang
Mr. Yan Chi Ming
Mr. Hooi Hing Lee

COMMITTEES OF THE BOARD

Audit Committee

Mr. Hooi Hing Lee *(Chairperson)*
Mr. Wang Shih-fang
Mr. Yan Chi Ming

Remuneration Committee

Mr. Yan Chi Ming *(Chairperson)*
Mr. Wang Shih-fang
Mr. Hooi Hing Lee

Nomination Committee

Madam Maeck Can Yue *(Chairperson)*
Mr. Wang Shih-fang
Mr. Hooi Hing Lee

COMPANY SECRETARY

Ms. Ho Wing Yan

AUTHORISED REPRESENTATIVES

Madam Maeck Can Yue
Ms. Ho Wing Yan

COMPLIANCE ADVISOR

Dakin Capital Limited
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Admiralty
Hong Kong

AUDITOR

PricewaterhouseCoopers
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Hong Kong

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75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE IN THE PRC

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Shanghai
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 6–8 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL BANKS

Bank of China
Shanghai Rural Commercial Bank
China Construction Bank Corporation
DBS Bank (Hong Kong) Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Hong Kong

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Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Cayman Islands

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
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Grand Cayman KY1-1108
Cayman Islands

STOCK NAME

MIJI INTL HLDGS

STOCK CODE

1715

WEBSITE

www.mijiholdings.com

BUSINESS REVIEW AND PROSPECTS

The board (the "Board") of directors (the "Directors") of Miji International Holdings Limited (the "Company") is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018 (the "Interim Period") to the shareholders of the Company.

BUSINESS REVIEW

Shares of the Company (the "Shares") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2018 (the "Listing Date"). The successful listing marks an important milestone for the Company's business development and also enhances its corporate reputation.

Over the past few years, economy growth of the People's Republic of China (the "PRC") held steady and the purchasing power of the PRC consumers have been growing rapidly. These favourable macroeconomic factors together with the rapid development of online platforms supported the sales of kitchen appliances in the PRC. During the Interim Period, the Group continued to maintain its leading position in the premium radiant stove market by developing new products that suit the needs of consumers and expanding its sales channels. As at 30 June 2018, the Group's sales network comprised 64 consignment stores generating direct sales revenue to the Group and 70 physical sales locations operated by distributors in 49 cities across 26 provinces, municipalities, autonomous regions and special regions in China. In addition to sales through physical stores, the Group also had 12 distributors for online platforms and one distributor for television platform. During the Interim Period, the Group recorded 40% increment in its sales revenue and 35.5% increment in its net profit (excluding the impact of listing expenses) as compared with the corresponding period in 2017.

Highlights of the unaudited interim consolidated results of the Group for the Interim Period, as compared to the corresponding period in 2017, are shown in the following table:

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Revenue (RMB'000)	**138,022**	98,573
Net profit for the period (RMB'000)	**6,822**	7,318
Earnings per share – Basic and diluted (RMB cents)	**0.55**	0.64

Outlook and Strategy

Going forward, the Group's business growth will be driven by (i) an expanding base of middle-class consumers; (ii) increasing adoption of western-style kitchen appliances and stronger health awareness; (iii) expanding online and offline channels; and (iv) increasing demand for well-decorated residential units in the PRC.

According to the research report prepared by China Insights Consultancy Limited ("CIC"), it is expected that the retail sales value of premium radiant stoves will increase from RMB1,312.1 million in 2018 to RMB2,434.3 million in 2022, representing a compound annual growth rate of 16.7%.

In order to capture the potential market opportunities, the Group will continue to focus on the research and development of premium kitchen appliances, the expansion of its sales channels, and the devotion of more resources on marketing activities to promote its brand and products.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group develops, manufactures and sells premium kitchen appliances to middle-class and upper-middle class customers. According to the research report prepared by CIC, the Group was the largest premium radiant stove manufacturer and supplier in the PRC in 2017 in terms of the retail sales value of the PRC's premium radiant stove market.

The Group's products mainly include radiant and induction hobs and stoves. Its core brands are "Miji Design" (德國米技), "Miji Home" (米技生活) and "Miji Pro" (米技商用). For the manufacturing of its hobs and stoves, the Group has two factories located in Shanghai, the PRC and one production workshop in Germany with an aggregate gross floor area of approximately 9,100 sq.m. All of the Group's hobs and stoves comply with the relevant safety standards and mandatory registration requirements in the PRC and Germany.

The Group's products are mainly sold in the PRC. The Group distributes its products across the PRC through various sales channels comprising mainly of distributors, consignment sales, television platforms, online platforms and corporate clients. It also sells some products in Germany through Amazon Germany.

For the Interim Period, the Group's revenue increased by approximately 40.0% to RMB138.0 million as compared with RMB98.6 million for the six months ended 30 June 2017. The Group's net profit for the Interim Period (excluding the impact of listing expenses) also increased by approximately 35.5% to RMB12.9 million as compared with RMB9.5 million for the six months ended 30 June 2017.

FINANCIAL REVIEW

Revenue

Revenue by product categories

The Group derives its revenue from the sales of (i) radiant hobs and stoves; (ii) induction hobs and stoves; (iii) pots and pans; and (iv) other small kitchen appliances and kitchen cabinets. Radiant hobs and stoves is the Group's major product type, contributing over 70% of our total revenue for the Interim Period. The Group's total revenue for the Interim Period amounted to approximately RMB138.0 million.

Set out below is a breakdown of revenue by product categories for the Interim Period:

	Six months ended 30 June			
	2018		2017	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Hobs and stoves (Radiant)	**105,698**	**76.6**	71,455	72.5
Hobs and stoves (Induction)	**11,517**	**8.3**	10,419	10.6
Pots and pans	**13,324**	**9.7**	10,352	10.5
Others (Note)	**7,483**	**5.4**	6,347	6.4
Total	**138,022**	**100.0**	98,573	100.0

Note: Others include small kitchen appliances such as hoods, kettles, bakery ovens and kitchen cabinets.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by geographical regions

During the Interim Period, the Group's revenue was substantially derived in the PRC. Set out below is a breakdown of revenue by geographical region and the revenue generated from each region as a percentage of our revenue for the Interim Period:

	Six months ended 30 June			
	2018		2017	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
The PRC	**137,345**	**99.5**	97,233	98.6
Germany	**677**	**0.5**	1,340	1.4
Total	**138,022**	**100.0**	98,573	100.0

Revenue by sales channels

The Group sells its products through various channels, mainly including its consignment stores, sales to corporate clients, sales from television platforms and online platform and physical sales locations operated by the Group's distributors. Set out below is a breakdown of revenue by sales channels for the Interim Period:

	Six months ended 30 June			
	2018		2017	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Direct Sales				
Consignment stores	**30,406**	**22.0**	29,790	30.2
Corporate clients	**7,062**	**5.1**	18,413	18.7
Television platform	**56,720**	**41.1**	15,392	15.6
Subtotal	**94,188**	**68.2**	63,595	64.5
Distributors				
Online platform	**33,039**	**23.9**	25,009	25.4
Physical sales locations	**8,132**	**5.9**	7,186	7.3
Television platform	**2,663**	**2.0**	2,783	2.8
Subtotal	**43,834**	**31.8**	34,978	35.5
Total	**138,022**	**100**	98,573	100

For the Interim Period, the Group's direct sales revenue from television platform increased by 2.7 times to RMB56.7 million from RMB15.4 million for the six months ended 30 June 2017. The significant increment was mainly because the Group allocated more resources on the direct sales through television platform.

Gross profit and gross profit margin

The Group recorded gross profit margin of 57.5% for the Interim Period as compared with 53.9% for the six months ended 30 June 2017. Set out below is a breakdown of gross profit and gross profit margin by product categories for the Interim Period:

	Six months ended 30 June			
	2018		2017	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Hobs and stoves (Radiant)	**60,821**	**57.5**	38,104	53.3
Hobs and stoves (Induction)	**6,538**	**56.8**	5,549	53.3
Pots and pans	**7,989**	**60.0**	6,109	59.0
Others (Note)	**4,035**	**53.9**	3,320	52.3
Total	**79,383**	**57.5**	53,082	53.9

Note: Others include small kitchen appliances such as hoods, kettles, bakery ovens and kitchen cabinets.

Other income

Other income mainly includes government grant and sundry income. The Group recorded other income of RMB2.1 million for the Interim Period as compared with RMB1.3 million for the six months ended 30 June 2017. The increase was primarily attributed to the increase in discretionary government grant received during the Interim Period.

Other gains and losses

Other gains and losses mainly comprised exchange differences and gain/loss on disposal of property, plant and equipment. The Group recorded other gains of RMB87,000 for the Interim Period as compared with other losses of RMB171,000 for the six months ended 30 June 2017.

Selling and distribution expenses

Selling and distribution expenses mainly represent consignment fee for the Group's direct sales through consignment stores and television platform, sundry expenses of consignment stores, salaries, performance bonuses and employee benefits expenses of sales and marketing staff, business travelling and entertainment expenses, advertising and promotion expenses, rental expenses and transportation expenses for delivery of products to customers. Selling and distribution expenses for the Interim Period increased by approximately 83.1% to RMB52.3 million from RMB28.6 million for the six months ended 30 June 2017 because of an increase in sales through television platform. Television platform charges the Group high consignment fees to cover their operation and production costs.

Administrative expenses

Administrative expenses mainly represent salaries and benefits of our administrative and management staff, general office expenses, rental expenses, legal and professional fees, depreciation of property, plant and equipment, amortisation of land use right and intangible assets, listing expenses and other miscellaneous administrative expenses. Administrative expenses for the Interim Period increased by approximately 60% to RMB15.5 million from RMB9.7 million for the six months ended 30 June 2017. The increase in administrative expenses for the Interim Period was primarily attributed to the recognition of non-recurring listing expenses of approximately RMB6.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development expenses

Along with the Group's business development and sales growth, the Group devoted more resources into the development of new products. Research and development expenses for the Interim Period decreased by approximately 23.5% to RMB4.9 million from RMB6.4 million for the six months ended 30 June 2017.

Finance income

Finance income represents bank interest income. For the Interim Period, the Group's finance income amounted to approximately RMB35,000 as compared with RMB216,000 for the six months ended 30 June 2017.

Finance costs

For the Interim Period, the Group's finance costs amounted to approximately RMB1.0 million as compared with RMB0.3 million for the six months ended 30 June 2017. The increase in financial costs was primarily attributed to the increase in bank borrowings drawn during the Interim Period.

Income tax expenses

For the Interim Period, the Group's income tax expenses amounted to approximately RMB2.1 million as compared with RMB2.2 million for the six months ended 30 June 2017. Our effective income tax rate for the Interim Period slightly increased to 23.5% from 22.5% for the six months ended 30 June 2017.

Net profit

As a result of the above factors, the Group's net profit for the Interim Period was RMB6.8 million, representing a decrease of 6.8% as compared with RMB7.3 million for the six months ended 30 June 2017. Net profit margin for the Interim Period also decreased to 4.9% from 7.4% for the six months ended 30 June 2017. Excluding listing expenses of RMB6.0 million, our net profit for the Interim Period would have been RMB12.9 million, representing an increase of 35.5% from RMB9.5 million (excluding listing expenses of RMB2.2 million) for the six months ended 30 June 2017.

Dividend

The Board does not recommend the payment of dividend for the Interim Period.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Shares were successfully listed on the Main Board of the Stock Exchange on 16 July 2018. There has been no change in the capital structure of the Group since then.

The Group mainly funds its business and working capital requirements by using a balanced mix of internal resources and bank borrowings. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

As at 30 June 2018, the Group had net current assets of approximately RMB59.2 million (31 December 2017: RMB54.8 million), cash and cash equivalents amounted to approximately RMB17.2 million (31 December 2017: RMB61.6 million) and bank borrowings amounted to approximately RMB33.0 million (31 December 2017: RMB40.0 million). The Group's cash and cash equivalents and bank borrowings as at 30 June 2018 were mainly denominated in RMB, with bank borrowings subject to fixed interest rates of approximately 5.2% per annum.

As at 30 June 2018, the Group had a current ratio of 1.5 times (31 December 2017: 1.5 times) and gearing ratio of 0.5 (calculated by dividing total debt by total equity) (31 December 2017: 0.6).

As at 30 June 2018 and 31 December 2017, the Group did not have any available unutilised banking facilities.

CAPITAL COMMITMENTS

As at 30 June 2018 and 31 December 2017, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liabilities or guarantees.

PLEDGE OF ASSETS

As at 30 June 2018, the Group pledged its land and building to secure its bank borrowings of approximately RMB23 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Interim Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2018, the Group did not make any significant investments.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group set out its future plans in its prospectus dated 29 June 2018 (the "Prospectus"). As part of its future plans, the Group will expand its sales network by establishing showrooms in major cities of the PRC and increasing the number of consignment stores. The Group will also devote more resources into research and development to enhance its product portfolio and add additional functions to its existing products. To enhance the value the Group and its shareholders, the Group will also consider potential investment opportunities when they arise.

FOREIGN EXCHANGE RISKS

Most of the Group's monetary assets and liabilities are denominated in RMB and the Group also conducts its business transactions principally in RMB. The exchange risk exposure of the Group is limited. The Group did not enter into any foreign exchange hedging instruments during the Interim Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 277 employees (31 December 2017: 286 employees), whose remunerations and benefits are determined based on market rates, government policies and individual performance.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 16 July 2018. The net proceeds from the initial public offering (the "IPO"), net of underwriting commissions and other relevant expenses, amounted to approximately HK$76.2 million. The Group will apply such proceeds in accordance with the section headed "Future plans and use of proceeds" set out in the Prospectus.

The use of the net proceeds from the Listing Date up to the date of this report had been applied as follows:

	Planned use of net proceeds (approximately)	**Utilised net proceeds from the Listing Date to the date of this report** (approximately)	**Unutilised net proceeds as at the date of this report** (approximately)	**Expected timeline for the utilisation of unutilised net proceeds from IPO**
Establish showrooms in major cities of the PRC	HK$24.5 million	–	HK$24.5 million	HK$24.5 million to be utilised by 30 June 2021
Repayment of bank loans	HK$18.2 million	–	HK$18.2 million	HK$10.6 million and to be utilised by March 2019; and HK$7.6 million to be utilised by April 2019
Expand and strengthen sales and marketing capacities	HK$18.1 million	–	HK$18.1 million	HK$18.1 million to be utilised by 30 June 2021
Develop and diversify product portfolio of hobs and stoves	HK$2.7 million	–	HK$2.7 million	HK$2.7 million to be utilised by 30 June 2020
Conduct project of 米技電爐具智能化服務平台 (Establishment of Smart Service Platform for Miji Electric stoves*)	HK$5.3 million	–	HK$5.3 million	HK$5.3 million to be utilised by 30 June 2020
General working capital	HK$7.4 million	HK$0.1 million	HK$7.3 million	HK$7.4 million to be utilised by 31 December 2018

* For identification purpose only

羅兵咸永道

To the Board of Directors of Miji International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 40, which comprises the condensed consolidated interim statement of financial position of Miji International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the related condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

OTHER MATTER

The comparative information for the condensed consolidated interim statement of financial position is based on the audited financial statements as at 31 December 2017. The comparative information for the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows and related explanatory notes, for the six months period ended 30 June 2017, has not been audited and reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Unaudited)
Revenue	5	**138,022**	98,573
Cost of sales	8	**(58,639)**	(45,491)
Gross profit		**79,383**	53,082
Other income	6	**2,083**	1,296
Other gains/(losses), net	7	**87**	(171)
Selling and distribution expenses	8	**(52,343)**	(28,591)
Administrative expenses	8	**(15,503)**	(9,693)
Research and development expenses	8	**(4,894)**	(6,401)
Operating profit		**8,813**	9,522
Finance income		**35**	216
Finance costs		**(952)**	(290)
Finance costs, net		**(917)**	(74)
Share of profit of an associate	11	**1,018**	87
Profit before income tax		**8,914**	9,535
Income tax expenses	9	**(2,092)**	(2,217)
Profit for the period		**6,822**	7,318
Profit attributable to:			
Owners of the Company		**6,170**	7,402
Non-controlling interests		**652**	(84)
		6,822	7,318

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(34)**	183
Other comprehensive (loss)/income for the period, net of tax		**(34)**	183
Total comprehensive income for the period		**6,788**	7,501
Total comprehensive income attributable to:			
Owners of the Company		**6,136**	7,585
Non-controlling interests		**652**	(84)
Total comprehensive income for the period		**6,788**	7,501
Earnings per share attributable to owners of the Company for the period			
Basic and diluted	10	**RMB0.55 cents**	RMB0.64 cents

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
ASSETS			
Non-current assets			
Land use right and property, plant and equipment	12	**7,989**	7,623
Investment in an associate	11	**5,022**	4,925
Intangible assets	13	**931**	1,040
Deferred income tax assets		**–**	104
		13,942	13,692
Current assets			
Inventories	14	**55,761**	44,959
Trade receivables	15	**72,374**	43,205
Other receivables, deposits and prepayments	15	**23,367**	18,212
Cash and cash equivalents		**17,247**	61,585
		168,749	167,961
Total assets		**182,691**	181,653
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	16	**9,328**	1
Reserves		**60,671**	63,862
		69,999	63,863
Non-controlling interests		**3,114**	4,647
Total equity		**73,113**	68,510
LIABILITIES			
Non-current liability			
Deferred income tax liabilities		**40**	–
Current liabilities			
Trade and other payables	17	**65,371**	63,086
Borrowings	18	**33,000**	40,000
Amount due to an associate	20	**1,487**	148
Amounts due to non-controlling interests	21	**2,185**	2
Contract liabilities		**6,463**	–
Advance receipts from customers		**–**	5,988
Current income tax liabilities		**1,032**	3,919
		109,538	113,143
Total liabilities		**109,578**	113,143
Total equity and liabilities		**182,691**	181,653

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)				
Balance at 1 January 2017	–	28,132	5,269	33,401
Profit for the period	–	7,402	(84)	7,318
Other comprehensive income:				
Currency translation differences	–	183	–	183
Total comprehensive income for the six months ended 30 June 2017	–	7,585	(84)	7,501
Dividends declared to non-controlling interests	–	–	(1,448)	(1,448)
Total transactions with owners	–	–	(1,448)	(1,448)
Balance at 30 June 2017	–	35,717	3,737	39,454
(Unaudited)				
Balance at 1 January 2018	**1**	**63,862**	**4,647**	**68,510**
Profit for the period	**–**	**6,170**	**652**	**6,822**
Other comprehensive loss:				
Currency translation differences	**–**	**(34)**	**–**	**(34)**
Total comprehensive income for the six months ended 30 June 2018	**–**	**6,136**	**652**	**6,788**
Dividends declared to non-controlling interests	**–**	**–**	**(2,185)**	**(2,185)**
Capitalisation of shares (Note 16)	**9,327**	**(9,327)**	**–**	**–**
Total transactions with owners	**9,327**	**(9,327)**	**(2,185)**	**(2,185)**
Balance at 30 June 2018	**9,328**	**60,671**	**3,114**	**73,113**

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash used in operations	**(29,468)**	(4,068)
Income tax paid	**(4,768)**	(2,987)
Net cash used in operating activities	**(34,236)**	(7,055)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,211)**	(307)
Purchase of intangible assets	**–**	(184)
Proceeds from disposal of property, plant and equipment	**158**	127
Interest received	**35**	216
Dividend received from an associate	**921**	50
Net cash used in investing activities	**(97)**	(98)
Cash flows from financing activities		
Amount due to non-controlling interests	**(2)**	(1,501)
Interest paid	**(952)**	(292)
Repayment to a shareholder	**–**	(18,850)
Proceeds from bank borrowings	**33,000**	20,000
Repayment of bank borrowings	**(40,000)**	(6,000)
Listing expenses paid (equity portion)	**(2,020)**	(561)
Net cash used in financing activities	**(9,974)**	(7,204)
Net decrease in cash and cash equivalents	**(44,307)**	(14,357)
Cash and cash equivalents at 1 January	**61,585**	19,279
Effect of exchange difference	**(31)**	(29)
Cash and cash equivalents at 30 June	**17,247**	4,893

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information of the Group

The Company was incorporated in the Cayman Islands on 16 May 2017 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and the subsidiaries now comprising the Group mainly engaged in the development, manufacturing and selling of kitchen appliances in the People's Republic of China (the "PRC") (the "Listing Business").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 16 July 2018.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by Miji Electronics and Appliances (Shanghai) Ltd. ("Miji Shanghai"), Miji GmbH ("Miji Germany"), Shanghai Miji Catering Management Company Limited ("Miji Catering"), MKY Shanghai Mikaiyi Kitchen Co. Ltd ("Mikaiyi"), Shanghai Miji Yongxing Electrical Appliances Company Limited ("Miji Yongxing") and Miji Germany (Hong Kong) Company Limited ("Miji Hong Kong") collectively the "Operating Companies". The Operating Companies were controlled by Ms. Madam Maeck ("Madam Maeck") (the "Controlling Shareholder") throughout the Track Record Period.

In preparation for listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

(i) Incorporation of the Company and intermediate holding companies

On 16 May 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 per share. One nil-paid Share was allotted and issued to the initial subscriber under the memorandum and articles of association of our Company, which was later transferred to Wide Big Limited ("Wide Big"), directly and wholly owned by Madam Maeck, on the same date.

Miji Holdings Limited ("Miji Holdings") was incorporated in the British Virgin Islands (the "BVI") with limited liability on 18 May 2017 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. One fully paid ordinary share of Miji Holdings was allotted and issued to Wide Big on 18 May 2017 at par, while 79 shares of Miji Holdings were further allotted and issued to Wide Big, credited as fully paid, on 13 September 2017. Pursuant to a subscription agreement, 5 and 15 shares of Miji Holdings were allotted and issued to two independent third parties, respectively, credited as fully paid, on 13 September 2017 at cash consideration of HK$5,800,000 and HK$17,400,000, respectively.

Miji International Group Limited ("Miji International") was incorporated in the BVI with limited liability on 22 May 2017 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. One fully paid ordinary share of Miji International was allotted and issued to Miji Holdings on 22 May 2017 at par.

Miji Hong Kong Investments Limited ("Miji Investment") was incorporated in Hong Kong with limited liability on 29 June 2017 with 10,000 issued shares and a total share capital of HK$1. 10,000 fully paid ordinary shares of Miji Investments were allotted and issued to Miji International on 29 June 2017 at par.

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION (Continued)

1.2 Reorganisation (Continued)

(ii) Transfer of the entire interests in Miji Shanghai

Pursuant to an equity transfer agreement dated 21 August 2017 entered into between Madam Maeck and Miji Investments, Madam Maeck transferred the entire issued share capital of Miji Shanghai to Miji Investments at a cash consideration of RMB20,000,000, which was subsequently contributed by the Controlling Shareholder to the Group.

(iii) Acquisition of the remaining interests in Mikaiyi, a subsidiary of Miji Shanghai

Pursuant to an equity transfer agreement dated 9 March 2017 entered into between Miji Shanghai and Mr. Yu, a non-controlling shareholder of Mikaiyi, Mr. Yu transferred 20% of equity interest to Miji Shanghai at a cash consideration of RMB600,000.

(iv) Transfer of the entire interests in Miji Germany

Pursuant to an equity transfer agreement dated 5 October 2017 entered into between Madam Maeck and Miji Investments, Madam Maeck transferred the entire issued share capital of Miji Germany to Miji Investments at a cash consideration of EUR200,000.

(v) Disposal of the entire interests in Shanghai Miji Catering, a subsidiary of Miji Shanghai

Pursuant to an equity transfer agreement dated 21 August 2017 entered into between Miji Shanghai and an independent third party, Miji Shanghai transferred 80% equity interest in Miji Catering to the independent third party at a cash consideration of RMB300,000.

(vi) Disposal of the entire interests in Miji Hong Kong, a subsidiary of Miji Shanghai

Pursuant to an equity transfer agreement dated 18 October 2017 entered into between Miji Shanghai and an independent third party, Miji Shanghai transferred the entire equity interest in Miji Hong Kong to the independent third party at a cash consideration of HK$1.

(vii) Transfer of shares between the Company, Wide Big and the remaining two shareholders

Pursuant to the sale and purchase agreement dated 21 June 2018, the Company agreed to acquire respectively from (1) Wide Big 80 shares of Miji Holdings; (2) the remaining two shareholders 20 shares of Miji Holdings prior to the share transfer, which in aggregate represent the entire issued shares of Miji Holdings and in consideration, (i) the one nil paid Share held by Wide Big will be credited as fully paid, and (ii) 79 Shares, five Shares and 15 Shares, all credited as fully paid, were allotted and issued to Wide Big, Shunzhi and Haitong, respectively.

After the completion of the reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION (Continued)

1.3 Basis of preparation

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial information should be read in conjunction with the Prospectus of Miji International Holdings Limited dated 29 June 2018, which included the combined financial statements of the Group for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with all the periods presented unless otherwise stated.

2.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers

The impact of adoption of the above new and revised HKFRS is disclosed in Note 2.3 below.

The following amendments to existing standards are effective to the Group for accounting periods beginning on or after 1 January 2018 but did not result in any significant impact on the results and financial position of the Group. No retrospective adjustments are required.

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendments)	Investment in Associates and Joint Ventures
HKAS 40 (Amendments)	Transfers of Investment Property
Annual improvement project	Annual Improvements 2014–2016 Cycle
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

2. ACCOUNTING POLICIES (Continued)

2.1 New and amended standards adopted by the Group (Continued)

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2019:

		Effective for accounting periods beginning on or after
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

2.2 Impact of standards issued but not yet applied by the Group

(i) HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the condensed consolidated interim statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB6,795,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

2. ACCOUNTING POLICIES (Continued)

2.3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) HKFRS 9 – Impact on the condensed consolidated interim financial information

As explained in the notes below, HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated statement of financial position as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. All classes of financial assets and financial liabilities had the same carrying amounts in accordance with HKAS 39 and HKFRS 9 on 1 January 2018.

(ii) Impairment of financial assets

The Group's significant financial assets which are subject to the new expected credit loss model include trade receivables and other receivables. The Group was required to revise its impairment methodology under HKFRS 9 for these classes of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For other receivables, management considers that their credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is close to zero.

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been classified based on shared credit risk characteristics and the days past due. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

2. ACCOUNTING POLICIES (Continued)

2.3 Changes in accounting policies (Continued)

(b) HKFRS 9 – Financial Instruments – Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. ACCOUNTING POLICIES (Continued)

2.3 Changes in accounting policies (Continued)

(b) *HKFRS 9 – Financial Instruments – Accounting policies applied from 1 January 2018* (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the condensed consolidated interim statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the condensed consolidated interim statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in condensed consolidated interim statement of comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the condensed consolidated interim statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. ACCOUNTING POLICIES (Continued)

2.3 Changes in accounting policies (Continued)

(c) *HKFRS 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018*

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 15, comparative figures have not been restated.

The effects of the adoption of HKFRS 15 are related to presentation of contract liabilities. Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for receipt in advance from customers were previously presented as accruals and other payables.

In summary, the following adjustments were made to the amounts recognised in the condensed consolidated interim statement of financial position at the date of initial application on 1 January 2018:

	HKAS 18 carrying amount as at 31 December 2017	Reclassification	HKFRS 15 carrying amount as at 1 January 2018
	RMB'000	RMB'000	RMB'000
Condensed consolidated interim statement of financial position (extract)			
Advance receipts from customers	5,988	(5,988)	–
Contract liabilities	–	5,988	5,988

The Group manufactures and sells a range of electronic appliance, including mainly electronic stoves, in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk, and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Prospectus of the Company dated 29 June 2018 which included the combined financial statements of the Group for the year as at 31 December 2017.

There have been no changes in risk management policies since year end.

3.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

3.3 Fair value estimation

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2018.

The carrying values of the Group's current financial assets, including trade and other receivables and cash and cash equivalents, and current financial liabilities, including trade, contract liabilities, other payables and accruals, approximate their fair values due to their short maturities. The carrying amounts of non-current trade and other receivables approximate their fair values which are estimated based on the discounted cash flows.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make 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.

In preparing this condensed consolidated interim financial information, 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 combined financial statements for the year ended 31 December 2017.

5. SEGMENT REVENUE AND INFORMATION

The chief operating decision-makers have been identified as the executive directors of the Group. Management has determined the operating segments based on the information reviewed by the executive directors for the purpose of allocating resources and assessing performance. The only component in internal reporting to the executive directors is the Group's development, manufacturing and selling of kitchen appliance for the six months ended 30 June 2017 and 2018. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 operating segment.

The Group's activities are mainly carried out in the PRC and the majority of the Group's assets and liabilities are located in the PRC. Non-current assets of RMB13,295,000 and RMB12,951,000 of the Group are located in the PRC as at 30 June 2018 and 31 December 2017, respectively. Revenue of RMB137,345,000 and RMB97,233,000 are derived from external customers in the PRC for the six months ended 30 June 2018 and 2017.

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**138,022**	98,573
Timing of revenue recognition		
At a point in time	**138,022**	98,573

6. OTHER INCOME

The Group's other income recognised during the six months ended 30 June 2018 and 2017 are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income:		
– Government grant	**1,703**	1,295
– Sundry income	**380**	1
	2,083	1,296

7. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain/(loss) on disposal of property, plant and equipment	**105**	(29)
Exchange loss, net	**(14)**	(53)
Others	**(4)**	(89)
	87	(171)

8. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, research and development expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of material used	**55,483**	43,293
Auditor's remuneration		
– Audit services	**295**	180
Legal and professional fee	**558**	398
Amortisation and depreciation (Notes 12, 13)	**892**	877
Employee benefit expenses (including directors' emoluments)	**16,051**	15,413
Consignment fee	**27,177**	8,748
Operating lease rentals	**1,680**	1,447
Decoration expenses	**1,462**	703
Advertising and promotion expenses	**5,493**	5,440
Listing expenses	**6,044**	2,176
Product consultation fee	**720**	1,057
Sundry expenses of consignment stores	**2,566**	1,231
Travelling and entertainment expenses	**2,074**	1,512
Office expenses	**1,578**	1,017
Repair and maintenance expenses	**1,072**	564
Transportation expenses	**2,796**	1,219
Others	**5,438**	4,901
Total cost of sales, selling and distribution expenses, research and development expenses and administrative expenses	**131,379**	90,176

9. INCOME TAX EXPENSES

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group does not have any assessable profits in Hong Kong during the period.

(iii) The PRC enterprise income tax ("EIT")

Under the Enterprise Income Tax Law of the PRC (the "New EIT Law"), the applicable income tax rate for the Group's entities in the PRC, except for Miji Electronics and Appliances (Shanghai) Ltd. ("Miji Shanghai"), is 25% (Six months ended 30 June 2017: 25%).

Pursuant to the New EIT Law, with respect to a new and high technology enterprise, the tax levied on its income will be charged at a preferential rate of 15% (Six months ended 30 June 2017: 15%) after obtaining the High New Technology Enterprise Certificate (the "Certificate") and completing the tax reduction and exemption filing with the tax authorities. Miji Shanghai obtained the Certificate on 4 September 2014. The Certificate has expired on 3 September 2017. Miji Shanghai renewed the Certificate on 23 October 2017 and the Certificate will be expired on 22 October 2020.

(iv) Corporate income tax in Germany

Income tax on profits arising from Germany has been calculated on the estimated assessable profits for the period at the rate of approximately 30% (Six months ended 30 June 2017: 30%).

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	**1,996**	2,123
Deferred income tax	**96**	94
	2,092	2,217

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2018 is 23.5%, compared to 23.2% for the six months ended 30 June 2017.

The Group is entitled to a tax relief from the tax authority in the PRC on eligible research and development cost incurred for the six months ended 30 June 2018 and 2017. The Group can claim an extra 50% tax deduction based on those eligible research and development cost incurred at an applicable tax rate. It is credited to the condensed consolidated interim statement of comprehensive income during the years in which they are incurred.

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2018 and 2017. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the capitalisation of shares which took place on 24 June 2018.

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Profit attributable to owners of the Company (RMB)	**6,170,000**	7,402,000
Weighted average number of ordinary shares in issue	**1,124,999,906**	1,124,999,901
Basic earnings per share (RMB cents)	**0.55**	0.64

The weighted average number of ordinary shares for such purpose has been retrospectively adjusted for the effects of the issue of Shares in connection with the reorganisation and the capitalisation of shares (Note 16).

(b) Diluted

Diluted earnings per share were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2018 and 2017.

11. INVESTMENT IN AN ASSOCIATE

The carrying amount of the equity-accounted investment has changed as follows in the six months to 30 June 2018:

	RMB'000
(Unaudited)	
At 1 January 2017	3,954
Share of profit	87
Dividend received	(50)
At 30 June 2017	3,991
(Unaudited)	
At 1 January 2018	**4,925**
Share of profit	**1,018**
Dividend received	**(921)**
At 30 June 2018	**5,022**

12. LAND USE RIGHT AND PROPERTY, PLANT AND EQUIPMENT

	RMB'000
(Unaudited)	
For the six months ended 30 June 2017	
Opening amounts as at 1 January 2017	8,425
Additions	307
Disposals	(98)
Amortisation and depreciation (Note 8)	(828)
Currency translation difference	38
Closing amount as at 30 June 2017	7,844
(Unaudited)	
For the six months ended 30 June 2018	
Opening amounts as at 1 January 2018	**7,623**
Additions	**1,211**
Disposals	**(53)**
Amortisation and depreciation (Note 8)	**(786)**
Currency translation difference	**(6)**
Closing amount as at 30 June 2018	**7,989**

13. INTANGIBLE ASSETS

	RMB'000
(Unaudited)	
For the six months ended 30 June 2017	
Opening amounts as at 1 January 2017	967
Additions	184
Amortisation (Note 8)	(49)
Currency translation difference	16
Closing amount as at 30 June 2017	1,118
(Unaudited)	
For the six months ended 30 June 2018	
Opening amounts as at 1 January 2018	**1,040**
Amortisation (Note 8)	**(106)**
Currency translation difference	**(3)**
Closing amount as at 30 June 2018	**931**

14. INVENTORIES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Parts and components	**6,115**	7,961
Finished goods	**49,646**	36,998
	55,761	44,959

15. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	**73,044**	43,857
Less: Provision for impairment	**(670)**	(652)
Trade receivables, net	**72,374**	43,205
Other receivables, deposits and prepayments	**23,367**	18,212
	95,741	61,417

At 30 June 2018 and 31 December 2017, the ageing analysis of the trade receivables, net of provision, based on invoice date is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade debtors analysed by invoice date:		
1–30 days	**58,325**	37,621
31–60 days	**2,714**	1,714
61–90 days	**4,717**	255
Over 90 days	**6,618**	3,615
	72,374	43,205

16. SHARE CAPITAL

The Company was incorporated with limited liability in the Cayman Islands on 16 May 2017 with an authorized share capital of 38,000,000 ordinary shares of HK$0.01 each. On the same date, one ordinary share of HK$0.01 was issued at par to Wide Big Investment Limited.

	Number of shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
For the six months ended 30 June 2018				
Authorised:				
As 1 January 2018	**38,000,000**	**380,000**	**–**	**–**
Increase during the period (Note (b))	**9,962,000,000**	**99,620,000**	**–**	**–**
Ordinary shares of HK$0.01 each	**10,000,000,000**	**100,000,000**	**–**	**–**
Issued:				
As 1 January 2018	**1**	**1**	**1**	**–**
Issue of ordinary shares (Note (c))	**99**	**–**	**–**	**–**
Capitalisation of shares (Note (d))	**1,124,999,900**	**11,250**	**9,327**	**(9,327)**
At 30 June 2018	**1,125,000,000**	**11,251**	**9,328**	**(9,327)**

	Number of shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
For the six months ended 30 June 2017				
Authorised:				
Ordinary shares of HK$0.01 each	38,000,000	380,000	–	–
Issued:				
As 1 January 2017				
At 16 May 2017 (date of incorporation) (Note (a))	1	1	1	–
At 30 June 2017	1	1	1	–

16. SHARE CAPITAL (Continued)

Note:

(a) On 16 May 2017 (date of incorporation), 1 share of HK$0.01 was allotted and issued.

(b) On 24 June 2018, the Shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$100,000,000 by the creation of 9,962,000,000 additional Shares, each ranking pari passu with the Shares then in issue in all respects.

(c) Pursuant to the sale and purchase agreement dated 21 June 2018, the Company agreed to acquire respectively from (1) Wide Big 80 shares of Miji Holdings; (2) the remaining two shareholders 20 shares of Miji Holdings prior to the share transfer, which in aggregate represent the entire issued share of Miji Holdings and in consideration, (i) the one nil paid Share held by Wide Big will be credited as fully paid, and (ii) 79 Shares, five Shares and 15 Shares, all credited as fully paid, were allotted and issued to Wide Big, Shunzhi and Haitong, respectively.

(d) By a shareholder's written resolution dated 24 June 2018 and conditional on the share premium account of the Company being credited as a result of issue of new Shares pursuant to the proposed offering of the Shares, the Company issued additional 1,124,999,900 Shares (the "Capitalisation Shares"), by way of capitalisation of approximately HK$11,250,000 standing to the credit of the Company's share premium account.

17. TRADE AND OTHER PAYABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables (Note (a))	**33,640**	34,253
Other payables and accruals	**31,731**	28,833
	65,371	63,086

Trade and other payables approximate their fair values and were denominated in RMB.

Note:

(a) Trade payables

At 30 June 2018 and 31 December 2017, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
1–30 days	**21,688**	24,325
31–60 days	**6,491**	5,887
61–90 days	**3,782**	3,915
Over 90 days	**1,679**	126
	33,640	34,253

18. BORROWINGS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Current		
Bank borrowings	**33,000**	40,000

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 6 months	**–**	40,000
Between 6 and 12 months	**33,000**	–
	33,000	40,000

As at 31 December 2017, bank borrowings of RMB40,000,000 were secured by the land use rights and buildings of the Group.

As at 30 June 2018, bank borrowings of RMB23,000,000 were secured by the land use rights and buildings of the Group.

The amount of borrowings during the six months ended 30 June 2018 is as follows:

	RMB'000
(Audited)	
At 1 January 2017	6,000
Proceeds from bank borrowings	62,000
Repayment	(28,000)
At 31 December 2017	40,000
(Unaudited)	
At 1 January 2018	**40,000**
Proceeds from bank borrowings	**33,000**
Repayment	**(40,000)**
At 30 June 2018	**33,000**

18. BORROWINGS (Continued)

As at 31 December 2017 and 30 June 2018, the contractual maturities of the Group's non-derivative financial liabilities are as follows:

(Audited)

Contractual maturities of financial liabilities At 31 December 2017	Less than 6 months RMB'000	6–12 months RMB'000	Total contractual cash flows RMB'000	Carrying Amount (assets)/ liabilities RMB'000
Non-derivatives				
Trade payables	34,253	–	34,253	34,253
Borrowings	40,000	–	40,000	40,000
Amount due to an associate	148	–	148	148
Amounts due to non-controlling interests	2	–	2	2
Total non-derivatives	74,403	–	74,403	74,403

(Unaudited)

Contractual maturities of financial liabilities At 30 June 2018	Less than 6 months RMB'000	6–12 months RMB'000	Total contractual cash flows RMB'000	Carrying Amount (assets)/ liabilities RMB'000
Non-derivatives				
Trade payables	**33,640**	**–**	**33,640**	**33,640**
Borrowings	**–**	**33,000**	**33,000**	**33,000**
Amount due to an associate	**1,487**	**–**	**1,487**	**1,487**
Amounts due to non-controlling interests	**2,185**	**–**	**2,185**	**2,185**
Total non-derivatives	**37,312**	**33,000**	**70,312**	**70,312**

19. DIVIDENDS

No dividend was declared by the Company during the six months ended 30 June 2018 and 2017.

20. RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following company was the related party that had transactions or balances with the Group during the financial period:

Name of the related party	Relationship with the Group
Miji Xuanshang Intelligence Home Appliances (Shanghai) Company Limited ("Miji Xuanshang")	Associate of the Group

(b) Transactions with the related party

Save as disclosed elsewhere in the Interim Financial Information, during the financial period, the following transactions were carried out with the related party at terms mutually agreed by both parties:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods to		
– Miji Xuanshang	**87**	2,145
Purchases of goods from		
– Miji Xuanshang	**3,008**	1,082

The pricing of these transactions was determined based on mutual negotiation between the Group and the related party.

20. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

(c) Balances with the related party

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Amount due to an associate		
Miji Xuanshang (Note (i))	**1,487**	148

Note:

(i) These balances were trading in nature, unsecured, interest free and denominated in RMB.

21. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts payable to non-controlling interests are unsecured, interest-free and repayable on demand. These balances were denominated in RMB.

22. EVENTS AFTER THE BALANCE SHEET DATE

On 16 July 2018, pursuant to the initial public offering, the Company issued a total of 375,000,000 shares at the price of HK$0.30 per share.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

Since the Shares were listed on the Main Board of the Stock Exchange on 16 July 2018, the Company was not required to keep any register under Part XV of the Securities and Futures Ordinance ("SFO") as at 30 June 2018.

As at the date of this report, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) are as follows:

Interest in the Company

Name of Director	Capacity/nature of interest	Number of Shares held (Note 1)	Percentage of shareholding in the Company (Approximate)
Madam Maeck Can Yue ("Madam Maeck") (Note 2)	Interest in a controlled corporation	900,000,000 (L)	60%
Mr. Walter Ludwig Michel ("Mr. Michel") (Note 3)	Interest of spouse	900,000,000 (L)	60%

Interest in associated corporation of the Company, Wide Big Investment Limited ("Wide Big")

Name of Director	Capacity/nature of interest	Number of Shares held (Note 1)	Percentage of shareholding in the associated corporation
Madam Maeck (Note 2)	Beneficial owner	1 (L)	100%
Mr. Michel (Note 3)	Interest of spouse	1 (L)	100%

Notes:

1. The letter "L" denotes long position of the shares.

2. The issued shares of Wide Big is wholly-owned by Madam Maeck. Accordingly, Madam Maeck is deemed to be interested in the 900,000,000 ordinary shares of the Company held by Wide Big by virtue of the SFO.

3. Mr. Michel is the spouse of Madam Maeck. Accordingly, Mr. Michel is deemed to be interested in the 900,000,000 ordinary shares of the Company held by Madam Maeck through Wide Big by virtue of the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective associates had any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations as at the date of this report, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Saved as disclosed in this report, at no time from the Listing Date up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Since the Shares were listed on the Main Board of the Stock Exchange on 16 July 2018, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company and the substantial shareholders as at 30 June 2018.

As at the date of this report, the following persons (other than the interests of the Directors or chief executives of the Company as disclosed above) had interests or short positions in the ordinary shares of the Company or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	**Capacity/nature of interest**	**Number of Shares held** (Note 1)	**Percentage of shareholding in the Company** (Approximate)
Wide Big (Note 2)	Beneficial owner	900,000,000 (L)	60%
Haitong Dynamic Multi-Tranche Investment Fund III S.P. ("Haitong"), a segregated portfolio of Haitong Global Investment SPC III ("Haitong Funds Company") (Note 3)	Beneficial owner	168,750,000 (L)	11.25%

Notes:

1. The letter "L" denotes long position of the shares.

2. The issued shares of Wide Big is wholly-owned by Madam Maeck who is deemed to be interested in the shares held by Wide Big by virtue of the SFO.

3. Haitong is a segregated portfolio of Haitong Funds Company, which is an exempted company incorporated with limited liability and registered as a separated portfolio company in the Cayman Islands. Haitong International Asset Management (HK) Limited (formerly known as Hai Tong Asset Management (HK) Limited) (the "Haitong Manager") has been managing the funds and assets of Haitong for institutional and private clients. Haitong had defined investment objectives and mandates to invest in a wide range of companies. Investors of the funds were required to effectively delegate, without recourse, the investment decisions and voting powers of the Shares to the Haitong Manager. The Haitong Manager has no other connection with the Company.

OTHER INFORMATION

Save as disclosed above, as at the date of this report, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 24 June 2018. The purpose of which is to motivate the relevant participants to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

During the Interim Period, no share option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to the date of this report.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

For the Interim Period, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information and the interim results for the six months ended 30 June 2018 and discussed the related financial matters with the Board. The unaudited condensed consolidated interim financial information and the interim results of the Group for the six months ended 30 June 2018 has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Model Code was not applicable to the Company during the Interim Period as the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2018. The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions upon successful listing and all Directors have confirmed, upon specific enquiry made, that they complied with the Model Code from the Listing Date to the date of this report.

OTHER INFORMATION

CORPORATE GOVERNANCE

The code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules were not applicable to the Company for the Interim Period as the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2018. Except for code provision A.2.1, the Company has complied with the code provisions set out in the CG Code from the Listing Date up to the date of this report.

Code provision A.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisation structure of the Company, Madam Maeck is our chairperson and chief executive officer. With her extensive experience in the industry, the Directors believe that vesting the roles of both chairperson and chief executive officer in the same person provides the Company with strong and consistent leadership, allowing effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Madam Maeck performs both the roles of chairperson and chief executive officer, the division of responsibilities between the chairperson and chief executive officer is clearly established. In general, the chairperson is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The two roles are performed by Madam Maeck distinctly. Further, the current structure does not impair the balance of power and authority between the Board and management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares from Listing Date up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

Shares of the Company were successfully listed on the Stock Exchange on 16 July 2018.

By order of the Board
Miji International Holdings Limited
Madam Maeck Can Yue
Chairperson and Executive Director

Hong Kong, 24 August 2018