

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



Design  
Germany



Interim Report  
2019

Joy in the kitchen  
Miji

# CONTENTS



Corporate Information	2
Business Review and Prospects	3
Management Discussion and Analysis	5
Report on Review of Interim Financial Information	12
Condensed Consolidated Interim Statement of Comprehensive Income	13
Condensed Consolidated Interim Statement of Financial Position	15
Condensed Consolidated Interim Statement of Changes in Equity	17
Condensed Consolidated Interim Statement of Cash Flows	18
Notes to the Condensed Consolidated Interim Financial Information	19
Other Information	37

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Madam Maeck Can Yue  
(*Chairperson and Chief Executive Officer*)  
Mr. Walter Ludwig Michel  
Mr. Chen Liang (appointed on 23 July 2019)

#### 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  
Suites 4505-06, 45/F  
Tower 1, Lippo Center  
89 Queensway  
Hong Kong

### AUDITOR

PricewaterhouseCoopers  
22/F, Prince's Building  
Central  
Hong Kong

### REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 1350, Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### HEAD OFFICE IN THE PRC

West Building No. 2  
3585 Sanlu Road  
Pujiang Industrial Zone  
Caohejing Hi-tech Park  
Shanghai  
China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3306-12  
33/F Shui On Centre  
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

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### Cayman Islands

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

### STOCK NAME

MIJI INTL HLDGS

### STOCK CODE

1715

### WEBSITE

[www.mijiholdings.com](http://www.mijiholdings.com)

## BUSINESS REVIEW AND PROSPECTS

The board (the “Board”) of directors (the “Directors”) of Miji International Holdings Limited (the “Company”) presents the unaudited interim consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019 (the “Interim Period”) to the shareholders of the Company.

### BUSINESS REVIEW

The Group develops, manufactures and sells premium kitchen appliances to middle-class and upper-middle class customers.

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 square meters. All of the Group’s hobs and stoves comply with the relevant safety standards and mandatory registration requirements in the PRC and Germany. In January 2019, the Group entered into a sale and purchase agreement for the acquisition of a commercial property with a gross floor area of 407.36 square meters in Shanghai and it is currently under renovation and it will be used for marketing purpose and office use.

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. The Group tapped into the Hong Kong market during the Interim Period through business cooperation with a wholly-owned company of a Japanese company with over 100 years of history specialising in the sales and marketing of cutlery and kitchen utensils.

The trade war between the United States and China intensified during the Interim Period. The trade tensions between these countries adversely affected their economies, consumers and enterprises. China’s economy showed signs of slowing down and Chinese consumers are more cautious on their expenditures on consumer products. China’s e-commerce giants also cut their sales forecasts for 2019 due to the economic uncertainty.

During the Interim Period, the Group also suffered from the adverse impact from the trade war between the United States and China, like many other enterprises in China. The Group actively promoted its brand and products in various ways, which included establishing showrooms in Beijing and Shanghai, rolling out new products, organising culinary classes to educate consumers on cooking skills, healthy eating habits and ways to use the Group’s products to cook their meals easily. However, the Group’s revenue for the Interim Period decreased by approximately 19.1% to RMB111.7 million as compared with RMB138.0 million for the six months ended 30 June 2018. The decline in the Group’s revenue for the Interim Period was primarily attributable to the decrease in sales of radiant hobs and stoves through consignment stores and online platform. In response to the weakening economy and the slowing consumer spending, the Group closely monitored the cost effectiveness of its marketing strategies and implemented appropriate measures to reduce operating costs. During the Interim Period, the Group managed to reduce its selling expenses and it did not incur any listing expenses as it did in the comparative period, which fully offset the adverse impact of the decline in revenue. The Group’s net profit for the Interim Period increased by approximately 42.6% to RMB9.7 million as compared with RMB6.8 million for the six months ended 30 June 2018.

## BUSINESS REVIEW AND PROSPECTS

Highlights of the unaudited interim consolidated results of the Group for the Interim Period, as compared to the corresponding period in 2018, are shown in the following table:

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Revenue (RMB'000)	<b>111,651</b>	138,022
Net profit for the period (RMB'000)	<b>9,693</b>	6,822
Earnings per share		
– Basic and diluted (RMB cents)	<b>0.61</b>	0.55

### Outlook and Strategy

Amid economic uncertainty, the Group will continue to adopt a prudent approach to run its business operations. It will carefully study the needs and preference of consumers and offer a wider range of products and services that can capture the demand from consumers of a wider age group and those who pursue a healthier lifestyle. The Group will also explore potential opportunities that can diversify its business operations and create value for the Group and its shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 RMB111.7 million.

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

	Six months ended 30 June			
	2019		2018	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Hobs and stoves (Radiant)	82,267	73.7	105,698	76.6
Hobs and stoves (Induction)	9,018	8.1	11,517	8.3
Pots and pans	11,275	10.1	13,324	9.7
Others (Note)	9,091	8.1	7,483	5.4
Total	111,651	100.0	138,022	100.0

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

#### *Revenue by geographical regions*

During the Interim Period and the six months ended 30 June 2019, the Group's revenue was substantially derived in the PRC.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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			
	2019		2018	
	RMB'000	% of total revenue	RMB'000	% of total revenue
<b>Direct Sales</b>				
Consignment stores	19,376	17.4	30,406	22.0
Corporate clients	6,368	5.7	7,062	5.1
Television platform	54,986	49.2	56,720	41.1
Subtotal	80,730	72.3	94,188	68.2
<b>Distributors</b>				
Online platform	22,690	20.3	33,039	23.9
Physical sales locations	8,231	7.4	8,132	5.9
Television platform	–	–	2,663	2.0
Subtotal	30,921	27.7	43,834	31.8
Total	111,651	100.0	138,022	100.0

During the Interim Period, the Group suffered from the adverse impact from the trade war between the United States and China. China's weakening economy and slowing consumer spending adversely affected the Group's revenue from consignment stores and online platform.

For the Interim Period, the Group's direct sales revenue from consignment stores decreased by 36.2% to RMB19.4 million from RMB30.4 million for the six months ended 30 June 2018, primarily due to decrease in the number of customers and the average spending amount.

For the Interim Period, the Group's sales revenue from online platform decreased by 31.2% to RMB22.7 million from RMB33.0 million for the six months ended 30 June 2018. The decrease in sales revenue from online platform was because online platform mainly targets younger generations, which are more vulnerable in economic downturns. During the Interim Period, the online consumers reduced their purchasing frequency and avoided spending significant amounts online.

For the Interim Period, the Group's direct sales revenue from television platform decreased by 3.0% to RMB55.0 million from RMB56.7 million for the six months ended 30 June 2018. The weakening economy of China had a relatively less adverse impact on the Group's direct sales revenue from television platform as television platform mainly targets housewives and elderly age groups and kitchen appliances are essential to their daily lives.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit and gross profit margin

The Group maintained a stable gross profit margin of 56.1% for the Interim Period as compared with 57.5% for the six months ended 30 June 2018. 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			
	2019		2018	
	Gross profit	Gross profit	Gross profit	Gross profit
	RMB'000	margin	RMB'000	margin
		%		%
Hobs and stoves (Radiant)	46,688	56.8	60,821	57.5
Hobs and stoves (Induction)	4,817	53.4	6,538	56.8
Pots and pans	6,142	54.5	7,989	60.0
Others (Note)	4,978	54.8	4,035	53.9
Total	62,625	56.1	79,383	57.5

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 RMB1.8 million for the Interim Period as compared with RMB2.1 million for the six months ended 30 June 2018. The decrease was primarily attributable to the decrease in sundry income 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 RMB175,000 for the Interim Period as compared with other gains of RMB87,000 for the six months ended 30 June 2018.

## 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 decreased by approximately 22.4% to RMB40.6 million from RMB52.3 million for the six months ended 30 June 2018 because of (i) the decrease in consignment fees as the Group recorded a decline in sales through consignment stores; and (ii) the implementation of cost control measures to reduce unnecessary expenditure.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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, depreciation of land use right and amortisation of intangible assets, and other miscellaneous administrative expenses. Administrative expenses for the Interim Period decreased by approximately 45.2% to RMB8.5 million from RMB15.5 million for the six months ended 30 June 2018. The decrease in administrative expenses for the Interim Period was primarily attributable to the recognition of non-recurring listing expenses of approximately RMB6.0 million for the six months ended 30 June 2018.

### 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 remained stable at RMB4.8 million as compared with RMB4.9 million for the six months ended 30 June 2018.

### Finance income

Finance income represents bank interest income. For the Interim Period, the Group's finance income increased to approximately RMB0.5 million from RMB35,000 for the six months ended 30 June 2018, mainly attributable to the increase in bank interest income.

### Finance costs

For the Interim Period, the Group's finance costs increased to approximately RMB1.4 million from RMB1.0 million for the six months ended 30 June 2018. The increase in financial costs was primarily attributable to the increase in borrowings drawn to finance the commercial property acquired during the Interim Period.

### Income tax expenses

For the Interim Period, the Group's income tax expenses decreased to approximately RMB1.3 million from RMB2.1 million for the six months ended 30 June 2018. The Group's effective income tax rate for the Interim Period decreased to 11.9% from 23.5% for the six months ended 30 June 2018 because the Group incurred listing expenses of approximately RMB6.0 million for the six months ended 30 June 2018 and they were non-deductible for tax purpose.

### Net profit

Despite the Group recorded a decline in revenue for the Interim Period, the Group managed to implement effective cost control measures to reduce its selling and distribution expenses and it did not incur any listing expenses, which fully offset the adverse impact of the decline in revenue. The Group's net profit for the Interim Period was RMB9.7 million, representing an increase of 42.6% as compared with RMB6.8 million for the six months ended 30 June 2018. Net profit margin for the Interim Period also increased to 8.7% from 4.9% for the six months ended 30 June 2018.

### Dividend

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Company's shares ("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"). 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 2019, the Group had net current assets of approximately RMB157.8 million (31 December 2018: RMB157.4 million), cash and cash equivalents amounted to approximately RMB58.7 million (31 December 2018: RMB46.9 million) and borrowings amounted to approximately RMB55.3 million (31 December 2018: RMB41.6 million). The Group's cash and cash equivalents and borrowings as at 30 June 2019 were mainly denominated in RMB. As at 30 June 2019, the Group had floating rate borrowings amounting to approximately RMB48.6 million (31 December 2018: RMB41.6 million) and fixed rate borrowings amounting to approximately RMB6.8 million (31 December 2018: nil). The weighted average interest rate of the Group's borrowings as at 30 June 2019 was approximately 5.5% (31 December 2018: 5.1%) per annum.

As at 30 June 2019, the Group had a current ratio of 2.9 times (31 December 2018: 2.7 times) and gearing ratio of 0.3 (calculated by dividing total debt by total equity) (31 December 2018: 0.2).

As at 30 June 2019 and 31 December 2018, the Group did not have any available unutilised banking facilities.

## CAPITAL COMMITMENTS

As at 30 June 2019, the Group did not have any significant capital commitments (31 December 2018: nil).

## CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities or guarantees (31 December 2018: nil).

## PLEDGE OF ASSETS

As at 30 June 2019, the Group pledged property, plant and equipment with carrying amount of approximately RMB17.4 million and restricted bank deposit of approximately RMB17.6 million to secure its bank borrowings of approximately RMB30.1 million and RMB15.6 million respectively.

## MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Interim Period, the Group purchased a commercial property at a consideration of approximately RMB14.3 million. Its principal operating subsidiary, Miji Electronics and Appliances (Shanghai) Ltd. entered into the relevant sale and purchase agreement with a PRC property developer on 25 January 2019. This property, with a gross floor area of 407.36 square meters is located in Minhang District, Shanghai and it is currently under renovation. The Group will use this property for marketing purpose and office use.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2019, 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.

Save as disclosed herein, the Group currently does not have any future plans for material investments or capital assets.

### FOREIGN EXCHANGE RISKS

Our Group’s foreign exchange risk mainly relates to fluctuations in exchange rates of RMB against our assets and liabilities in USD and HKD, and these may affect our operation results. Our Group does not have a hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 270 employees (31 December 2018: 297 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 30 June 2019 had been applied as follows:

	Planned use of net proceeds (approximately)	Utilised net proceeds from IPO from the Listing Date to 30 June 2019 (approximately)	Unutilised net proceeds from IPO as at 30 June 2019 (approximately)	Expected timeline for unutilised net proceeds from IPO
Establish showrooms in major cities of the PRC	HK\$24.5 million	HK\$6.3 million	HK\$18.2 million	HK\$18.2 million to be utilised by 30 June 2021
Repayment of bank loans	HK\$18.2 million	HK\$18.2 million	–	N/A
Expand and strengthen sales and marketing capacities	HK\$18.1 million	HK\$7.8 million	HK\$10.3 million	HK\$10.3 million to be utilised by 30 June 2021
Develop and diversify product portfolio of hobs and stoves	HK\$2.7 million	HK\$1.6 million	HK\$1.1 million	HK\$1.1 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\$3.4 million	HK\$1.9 million	HK\$1.9 million to be utilised by 30 June 2020
General working capital	HK\$7.4 million	HK\$7.4 million	–	N/A

\* For identification purpose only

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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 36, 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 2019 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 period 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 20 August 2019

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	5	111,651	138,022
Cost of sales	8	(49,026)	(58,639)
<b>Gross profit</b>		<b>62,625</b>	79,383
Other income	6	1,756	2,083
Other gains, net	7	175	87
Selling and distribution expenses	8	(40,558)	(52,343)
Administrative expenses	8	(8,504)	(15,503)
Research and development expenses	8	(4,821)	(4,894)
<b>Operating profit</b>		<b>10,673</b>	8,813
Finance income		527	35
Finance costs		(1,350)	(952)
Finance costs, net		(823)	(917)
Share of profit of an associate	11	1,148	1,018
<b>Profit before income tax</b>		<b>10,998</b>	8,914
Income tax expenses	9	(1,305)	(2,092)
<b>Profit for the period</b>		<b>9,693</b>	6,822
<b>Profit attributable to:</b>			
Owners of the Company		9,099	6,170
Non-controlling interests		594	652
		<b>9,693</b>	6,822

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 2019

	Note	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		2	(34)
Other comprehensive income/(loss) for the period, net of tax		2	(34)
<b>Total comprehensive income for the period</b>		<b>9,695</b>	6,788
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		9,101	6,136
Non-controlling interests		594	652
Total comprehensive income for the period		9,695	6,788
<b>Earnings per share attributable to owners of the Company for the period</b>			
Basic and diluted	10	<b>RMB0.61 cents</b>	RMB0.55 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 2019

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	15,186	6,667
Right-of-use assets	13	3,406	–
Land use rights	14	9,048	945
Investment in an associate	11	4,488	4,779
Intangible assets	15	889	1,002
Deferred income tax assets		–	2
Prepayments	17	4,434	3,998
		<b>37,451</b>	17,393
<b>Current assets</b>			
Inventories	16	60,970	56,272
Trade receivables	17	67,335	67,518
Other receivables, deposits and prepayments	17	34,580	27,370
Restricted bank deposit		17,593	17,524
Bank deposits		–	35,048
Cash and cash equivalents		58,675	46,944
		<b>239,153</b>	250,676
<b>Total assets</b>		<b>276,604</b>	268,069

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



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	12,561	12,561
Share premium		72,173	72,173
Reserves		95,468	86,274
		180,202	171,008
Non-controlling interests		4,446	3,745
<b>Total equity</b>		<b>184,648</b>	<b>174,753</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Leases liabilities	13	1,329	–
Borrowings	20	9,281	–
Deferred income tax liabilities		15	–
		10,625	–
<b>Current liabilities</b>			
Trade and other payables	19	27,405	43,788
Borrowings	20	46,020	41,600
Leases liabilities	13	2,012	–
Amount due to an associate	22	747	336
Amounts due to non-controlling interests	23	–	2,185
Contract liabilities		4,414	2,732
Current income tax liabilities		733	2,675
		81,331	93,316
<b>Total liabilities</b>		<b>91,956</b>	<b>93,316</b>
<b>Total equity and liabilities</b>		<b>276,604</b>	<b>268,069</b>

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	Share premium RMB'000	Reserves RMB'000	Non- controlling interests RMB'000	Total RMB'000
(Unaudited)					
<b>Balance at 1 January 2018</b>	1	–	63,862	4,647	68,510
Profit for the period	–	–	6,170	652	6,822
Other comprehensive loss: Currency translation differences	–	–	(34)	–	(34)
<b>Total comprehensive income for the six months ended 30 June 2018</b>	–	–	6,136	652	6,788
Dividends declared to non-controlling interests	–	–	–	(2,185)	(2,185)
Capitalisation of shares (Note 18)	9,327	–	(9,327)	–	–
<b>Total transactions with owners</b>	9,327	–	(9,327)	(2,185)	(2,185)
<b>Balance at 30 June 2018</b>	9,328	–	60,671	3,114	73,113
(Unaudited)					
<b>Balance at 1 January 2019</b>	<b>12,561</b>	<b>72,173</b>	<b>86,274</b>	<b>3,745</b>	<b>174,753</b>
Profit for the period	–	–	9,099	594	9,693
Other comprehensive income: Currency translation differences	–	–	2	–	2
<b>Total comprehensive income for the six months ended 30 June 2019</b>	–	–	9,101	594	9,695
Partial disposal of interest in a subsidiary without loss of control (Note)	–	–	93	107	200
<b>Total transactions with owners</b>	–	–	93	107	200
<b>Balance at 30 June 2019</b>	<b>12,561</b>	<b>72,173</b>	<b>95,468</b>	<b>4,446</b>	<b>184,648</b>

Note: During the period ended 30 June 2019, the Group disposed 20% of the issued shares of Miji Electronics and Appliances (Beijing) Limited, a subsidiary of the Group, to an independent third party at a consideration of RMB200,000. The carrying amount of the 20% issued shares was RMB107,000.

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	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Net cash used in operations	(13,646)	(29,468)
Income tax paid	(3,264)	(4,768)
<b>Net cash used in operating activities</b>	<b>(16,910)</b>	<b>(34,236)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,849)	(1,211)
Purchase of land use right	(8,117)	–
Proceeds from disposal of property, plant and equipment	–	158
Interest received	527	35
Dividend received from an associate	1,439	921
Prepayment for acquisition of investment in an associate	(1,974)	–
Prepayment for purchase of property, plant and equipment	(960)	–
Decrease in bank deposits	35,048	–
<b>Net cash generated from/(used in) investing activities</b>	<b>19,114</b>	<b>(97)</b>
<b>Cash flows from financing activities</b>		
Repayment to a non-controlling interest	–	(2)
Interest paid	(1,350)	(952)
Dividend paid to a non-controlling interest	(2,185)	–
Proceeds from bank borrowings	37,951	33,000
Repayment of bank borrowings	(24,250)	(40,000)
Payment for lease liabilities, principal portion	(1,036)	–
Listing expenses paid (equity portion)	–	(2,020)
Proceeds from partial disposal of interest in a subsidiary without loss of control	200	–
<b>Net cash generated from/(used in) financing activities</b>	<b>9,330</b>	<b>(9,974)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,534</b>	<b>(44,307)</b>
Cash and cash equivalents at 1 January	46,944	61,585
Effect of exchange difference	197	(31)
<b>Cash and cash equivalents at 30 June</b>	<b>58,675</b>	<b>17,247</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION 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 Group mainly engages in the development, manufacturing and selling of kitchen appliances in the People's Republic of China (the "PRC").

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 Basis of preparation

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2019 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.

This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2018, as described in those annual consolidated financial statements, except for estimation of income tax and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### 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 and make retrospective adjustments as a result of adopting HKFRS 16 Leases ("HKFRS 16").

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 16 on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2019.

## 2 ACCOUNTING POLICIES (Continued)

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

#### (i) *Accounting policies applied from 1 January 2019*

From 1 January 2019, leases are recognised as right-of-use assets (including land use rights which are presented as a separate line item in the condensed consolidated interim statement of financial position) and a corresponding liability at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- prepayment, and
- any initial direct costs.

#### (ii) *Impact of adoption*

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening condensed consolidated interim statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases ("HKAS 17"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019 (date of initial application of HKFRS 16). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.4%.

In applying HKFRS 16 for the first time, the Group has used a practical expedient permitted by this standard to use a single discount rate to a portfolio of leases with reasonable similar characteristics.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2 ACCOUNTING POLICIES (Continued)

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

#### (ii) Impact of adoption (Continued)

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 December 2018 and the lease liabilities recognised in the condensed consolidated interim statement of financial position as at 1 January 2019 (date of initial application of HKFRS 16) is as follows:

	Unaudited RMB'000
Operating lease commitments disclosed as at 31 December 2018	4,983
Less: short-term leases recognised on a straight-line basis as expense	(236)
Less: low-value leases recognised on a straight-line basis as expense	(5)
	4,742
Discounted using the lessee's incremental borrowing rate at the date of initial application	(280)
Lease liabilities recognised as at 1 January 2019	4,462
Of which are:	
Current lease liabilities	2,087
Non-current lease liabilities	2,375
	4,462

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-to-use assets at the date of initial application.

The recognised right-of-use assets of RMB4,462,000 as at 1 January 2019 are related to office premises and warehouses.

The Group's interests in land use rights represent a right-of-use asset (2018: upfront payments) for land. The net carrying values of the right-of-use assets (2018: upfront payments) for land as at 1 January 2019 and 30 June 2019 is analysed separately on Note 14.

The change in accounting policy resulted in the recognition of both right-of-use assets and lease liabilities of RMB4,462,000 in the condensed consolidated interim statement of financial position on 1 January 2019.

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

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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 consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

Compared to the year ended 31 December 2018, except for the lease liabilities, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The table below analyses the Group's lease liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>At 30 June 2019 RMB'000 (Unaudited)</b>	At 1 January 2019 RMB'000 (Unaudited)
Less than 1 year	<b>2,150</b>	2,288
Between 1 and 5 years	<b>1,370</b>	2,454
Total	<b>3,520</b>	4,742

There have been no other significant changes in the risk management policies since 31 December 2018.

### 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 2019.

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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 2018.

## 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 2018 and 2019. 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 RMB37,049,000 (31 December 2018: RMB16,910,000) of the Group are located in the PRC as at 30 June 2019. Revenue of RMB111,369,000 (2018: RMB137,345,000) are derived from external customers in the PRC for the six months ended 30 June 2019.

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Revenue</b>		
Sales of goods	111,651	138,022
<b>Timing of revenue recognition</b>		
At a point in time	111,651	138,022



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 OTHER INCOME

The Group's other income recognised during the six months ended 30 June 2019 and 2018 are as follows:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other income:		
– Government grant	1,746	1,703
– Sundry income	10	380
	<b>1,756</b>	2,083

### 7 OTHER GAINS, NET

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
(Loss)/gain on disposal of property, plant and equipment	(1)	105
Exchange gain/(loss), net	164	(14)
Others	12	(4)
	<b>175</b>	87

### 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	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of materials used	46,264	55,483
Auditor's remuneration		
– Audit services	281	295
Depreciation of property, plant and equipment	824	772
Depreciation of right-of-use assets	983	–
Depreciation/amortisation of land use rights	14	14
Employee benefit expenses (including directors' emoluments)	15,451	16,051
Consignment fee	20,302	27,177
Short-term leases expenses	453	–
Operating lease rentals	–	1,680
Listing expenses	–	6,044

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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 2018: 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 2018: 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 2018: 30%).

### (v) Withholding tax on distributed profits

Pursuant to the New EIT Law, a 10% withholding tax is levied on dividends declared by the PRC companies to their foreign investors. Deferred income tax liabilities have not been established for withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the future.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	1,322	1,996
Deferred income tax	(17)	96
	<b>1,305</b>	2,092

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 2019 is 11.9%, compared to 23.5% for the six months ended 30 June 2018.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 INCOME TAX EXPENSES (Continued)

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 2019 and 2018. The Group can claim an extra 75% 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 period 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 2019 and 2018. 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	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Profit attributable to owners of the Company (RMB)	9,099,000	6,170,000
Weighted average number of ordinary shares in issue	1,500,000,000	1,124,999,906
Basic earnings per share (RMB cents)	0.61	0.55

For the six months ended 30 June 2018, 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 18).

#### (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 2019 and 2018.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11 INVESTMENT IN AN ASSOCIATE

The carrying amount of the investment in an associate has changed as follows:

	RMB'000
(Unaudited)	
At 1 January 2018	4,925
Share of profit	1,018
Dividend received	(921)
At 30 June 2018	5,022
(Unaudited)	
At 1 January 2019	<b>4,779</b>
Share of profit	<b>1,148</b>
Dividend received	<b>(1,439)</b>
At 30 June 2019	<b>4,488</b>

### 12 PROPERTY, PLANT AND EQUIPMENT

	RMB'000
(Unaudited)	
<b>For the six months ended 30 June 2018</b>	
Opening amount as at 1 January 2018	6,650
Additions	1,211
Disposals	(53)
Depreciation (Note 8)	(772)
Currency translation difference	(6)
Closing amount as at 30 June 2018	7,030
(Unaudited)	
<b>For the six months ended 30 June 2019</b>	
Opening amount as at 1 January 2019	<b>6,667</b>
Additions	<b>9,347</b>
Disposals	<b>(1)</b>
Depreciation (Note 8)	<b>(824)</b>
Currency translation difference	<b>(3)</b>
Closing amount as at 30 June 2019	<b>15,186</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Amounts recognised in the condensed consolidated interim statement of financial position

The condensed consolidated interim statement of financial position shows the following balances relating to the leases in respect of office premises and warehouses:

	<b>At 30 June 2019 RMB'000 (Unaudited)</b>	At 1 January 2019 RMB'000 (Unaudited)
<b>Right-of-use assets</b>		
Non-current	<b>3,406</b>	4,462
<b>Lease liabilities</b>		
Non-current	<b>1,329</b>	2,375
Current	<b>2,012</b>	2,087
	<b>3,341</b>	4,462

Additions to the right-of-use assets during the six months ended 30 June 2019 is RMB781,000. Modification of a lease during the six months ended 30 June 2019 leads to decrease in scope of RMB854,000.

### (ii) Amounts recognised in the condensed consolidated interim statement of comprehensive income

The condensed consolidated interim statement of comprehensive income shows the following amounts relating to the leases in respect of office premises and warehouses:

	<b>Six months ended 30 June 2019 RMB'000 (Unaudited)</b>
Depreciation charge of right-of-use assets (Note 8)	<b>983</b>
Interest expense	<b>105</b>
Gain on modification of a lease	<b>12</b>

The total cash outflow for leases (including interest portion) in the six months ended 30 June 2019 is RMB1,141,000.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14 LAND USE RIGHTS

The Group's interests in land use rights represent a right-of-use asset (31 December 2018: upfront payments) for land and their net carrying values are analysed as follows:

	RMB'000
(Unaudited)	
Net book value at 1 January 2018	973
Amortisation (Note 8)	(14)
Net book value at 30 June 2018	959
(Unaudited)	
Net book value at 1 January 2019	945
Addition	8,117
Depreciation (Note 8)	(14)
Net book value at 30 June 2019	9,048

The Group's land use rights are located in the PRC and is held on leases of between 47 to 50 years. Depreciation (2018: amortisation) of the Group's land use rights has been charged to administrative expenses.

### 15 INTANGIBLE ASSETS

	RMB'000
(Unaudited)	
<b>For the six months ended 30 June 2018</b>	
Opening amount as at 1 January 2018	1,040
Amortisation (Note 8)	(106)
Currency translation difference	(3)
Closing amount as at 30 June 2018	931
(Unaudited)	
<b>For the six months ended 30 June 2019</b>	
Opening amount as at 1 January 2019	1,002
Amortisation (Note 8)	(112)
Currency translation difference	(1)
Closing amount as at 30 June 2019	889

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 16 INVENTORIES

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Parts and components	7,044	10,666
Finished goods	53,926	45,606
	<b>60,970</b>	56,272

### 17 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade receivables	68,014	68,197
Loss allowance	(679)	(679)
Trade receivables, net	67,335	67,518
Other receivables, deposits and prepayments	39,014	31,368
	<b>106,349</b>	98,886
Less:		
Non-current prepayment for property, plant and equipment	(2,460)	(3,998)
Non-current prepayment for acquisition of investment in an associate (Note 24)	(1,974)	–
	<b>(4,434)</b>	(3,998)
	<b>101,915</b>	94,888

At 30 June 2019 and 31 December 2018, the ageing analysis of the trade receivables, net of provision, based on invoice date is as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade receivables analysed by invoice date:		
1–30 days	31,882	29,059
31–60 days	11,508	19,062
61–90 days	15,461	15,917
Over 90 days	8,484	3,480
	<b>67,335</b>	67,518

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18 SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares HK\$'000
<b>Authorised:</b>		
(Unaudited)		
<b>For the six months ended 30 June 2018</b>		
Ordinary shares of HKD0.01 each		
As 1 January 2018	38,000,000	380
Increase during the period (Note (a))	9,962,000,000	99,620
As 30 June 2018	10,000,000,000	100,000

(Unaudited)

### For the six months ended 30 June 2019

Ordinary shares of HKD0.01 each

As 1 January 2019 and 30 June 2019

**10,000,000,000**

**100,000**

	Number of shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
<b>Issued:</b>				
(Unaudited)				
As 1 January 2018	1	1	1	–
Issue of ordinary shares (Note (b))	99	–	–	–
Capitalisation of shares (Note (c))	1,124,999,900	11,250	9,327	(9,327)
At 30 June 2018	1,125,000,000	11,251	9,328	(9,327)
(Unaudited)				
As 1 January 2019 and 30 June 2019	<b>1,500,000,000</b>	<b>15,000</b>	<b>12,561</b>	<b>72,173</b>

Notes:

- (a) On 24 June 2018, the shareholders resolved to increase the authorised share capital of our 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.
- (b) Pursuant to the sale and purchase agreement dated 21 June 2018, the Company agreed to acquire respectively from (1) Wide Big Investment Limited ("Wide Big") 80 shares of Miji Holdings Limited ("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, 5 shares and 15 shares, all credited as fully paid, were allotted and issued to Wide Big, Shunzhi Investment Limited and Haitong Dynamic Multi-Tranche Investment Fund III S.P., respectively.
- (c) 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.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19 TRADE AND OTHER PAYABLES

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade payables (Note (a))	<b>8,030</b>	23,427
Other payables and accruals	<b>19,375</b>	20,361
	<b>27,405</b>	43,788

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

Note:

(a) Trade payables

At 30 June 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
1–30 days	<b>4,376</b>	13,497
31–60 days	<b>2,532</b>	6,809
61–90 days	<b>351</b>	1,621
Over 90 days	<b>771</b>	1,500
	<b>8,030</b>	23,427

### 20 BORROWINGS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
<b>Current</b>		
Borrowings	<b>46,020</b>	41,600
<b>Non-current</b>		
Borrowings	<b>9,281</b>	–
	<b>55,301</b>	41,600

As at 30 June 2019, the borrowings amounting to RMB48,551,000 and RMB6,750,000 (31 December 2018: RMB 41,600,000 and nil) were carried at floating rate and fixed rate respectively. The weighted average interest rate are 5.5% (31 December 2018: 5.1%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 BORROWINGS (Continued)

An analysis of the Group's borrowing into principal amounts is as follow:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Borrowings – unsecured	9,750	18,600
Borrowings – secured	45,740	23,000
	<b>55,490</b>	41,600
Adjusted by: unamortised loan arrangement fees	<b>(189)</b>	–
	<b>55,301</b>	41,600

As at 30 June 2019, borrowings of RMB30,140,000 (31 December 2018: RMB23,000,000) were secured by the land use rights and buildings of the Group.

As at 30 June 2019, restricted bank deposit of RMB17,593,000 (31 December 2018: RMB17,524,000) are held at bank as a security for bank borrowings of the Group.

At 30 June 2019, the Group's borrowings were repayable as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within 6 months	20,790	23,000
Between 6 and 12 months	25,230	18,600
Between 1 and 2 years	3,305	–
Between 2 and 5 years	1,946	–
Over 5 years	4,030	–
	<b>55,301</b>	41,600

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 BORROWINGS (Continued)

As at 31 December 2018 and 30 June 2019, the contractual maturities of the Group's non-derivative financial liabilities are as follows:

(Audited)

<b>Contractual maturities of financial liabilities At 31 December 2018</b>	Less than 6 months RMB'000	6-12 months RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
<b>Non-derivatives</b>							
Trade payables	23,427	-	-	-	-	23,427	23,427
Borrowings	23,000	18,600	-	-	-	41,600	41,600
Amount due to an associate	336	-	-	-	-	336	336
Amounts due to non-controlling interests	2,185	-	-	-	-	2,185	2,185
<b>Total non-derivatives</b>	<b>48,948</b>	<b>18,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,548</b>	<b>67,548</b>

(Unaudited)

<b>Contractual maturities of financial liabilities At 30 June 2019</b>	Less than 6 months RMB'000	6-12 months RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
<b>Non-derivatives</b>							
Trade payables	8,030	-	-	-	-	8,030	8,030
Borrowings	21,316	25,637	3,831	2,838	4,652	58,274	55,301
Amount due to an associate	747	-	-	-	-	747	747
Lease liabilities	1,075	1,075	1,370	-	-	3,520	3,341
<b>Total non-derivatives</b>	<b>31,168</b>	<b>26,712</b>	<b>5,201</b>	<b>2,838</b>	<b>4,652</b>	<b>70,571</b>	<b>67,419</b>

### 21 DIVIDENDS

No dividend was declared by the Company during the six months ended 30 June 2019 and 2018.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22 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 companies was related party that had transactions or balances with the Group during the financial period:

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

(b) **Transactions with 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	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Sales of goods to</b>		
– Miji Xuanshang	101	87
<b>Purchases of goods from</b>		
– Miji Xuanshang	5,729	3,008

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 22 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

#### (c) Balances with the related party

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
<b>Amounts due to an associate</b>		
Miji Xuanshang (note (i))	<b>747</b>	336

Note:

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

### 23 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

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

### 24 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group further acquired 10% of the issued shares of Miji Xuanshang, an associate, at a consideration of RMB1,974,000. After the acquisition, the Group holds 49% of the issued shares of Miji Xuanshang.

## OTHER INFORMATION

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

As at 30 June 2019, 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	862,700,000 (L)	57.51%
Mr. Walter Ludwig Michel ("Mr. Michel") (Note 3)	Interest of spouse	862,700,000 (L)	57.51%

#### 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	1,000,000 (L)	100%
Mr. Michel (Note 3)	Interest of spouse	1,000,000 (L)	100%

Notes:

- The letter "L" denotes long position of the shares.
- The issued shares of Wide Big is wholly-owned by Madam Maeck. Accordingly, Madam Maeck is deemed to be interested in the 862,700,000 ordinary shares of the Company held by Wide Big by virtue of the SFO.
- Mr. Michel is the spouse of Madam Maeck. Accordingly, Mr. Michel is deemed to be interested in the 862,700,000 ordinary shares of the Company held by Madam Maeck through Wide Big by virtue of the SFO.

## OTHER INFORMATION

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 30 June 2019, 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 30 June 2019 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

As at 30 June 2019, 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	862,700,000 (L)	57.51%

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.

Save as disclosed above, as at 30 June 2019, 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.

## OTHER INFORMATION

### 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 during the Interim Period.

### 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 RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information and the interim results for the six months ended 30 June 2019 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 2019 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 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 for the Interim Period.





## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Board adopted a set of corporate governance practices which aligns with or is more restrictive than the requirements set out in the Corporate Governance Code (the “CG Code”), contained in Appendix 14 to the Listing Rules. Except for code provision A.2.1, the Board is of the view that the Company has complied with the code provisions set out in the CG Code for the Interim Period.

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.

### DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on the Directors are as follows:

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of one year commencing from 24 June 2018 to 23 June 2019, which can be terminated by either party giving not less than one month’s notice in writing. The specific term of each of the independent non-executive Directors has been renewed for a term of one year commencing from 24 June 2019 to 23 June 2020.

### EVENT AFTER THE REPORTING PERIOD

On 3 July 2019, the Group completed the acquisition of an additional 10% of the issued shares of 米技炫尚智能家用電器(上海)有限公司 (Miji Xuanshang Intelligence Home Appliances (Shanghai) Company Limited\*) (“Miji Xuanshang”), an associate, at a consideration of approximately RMB2.0 million. After the further acquisition of equity interest of Miji Xuanshang, the Company holds 49% of the issued shares of Miji Xuanshang.

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

Hong Kong, 20 August 2019

\* For identification purpose only