



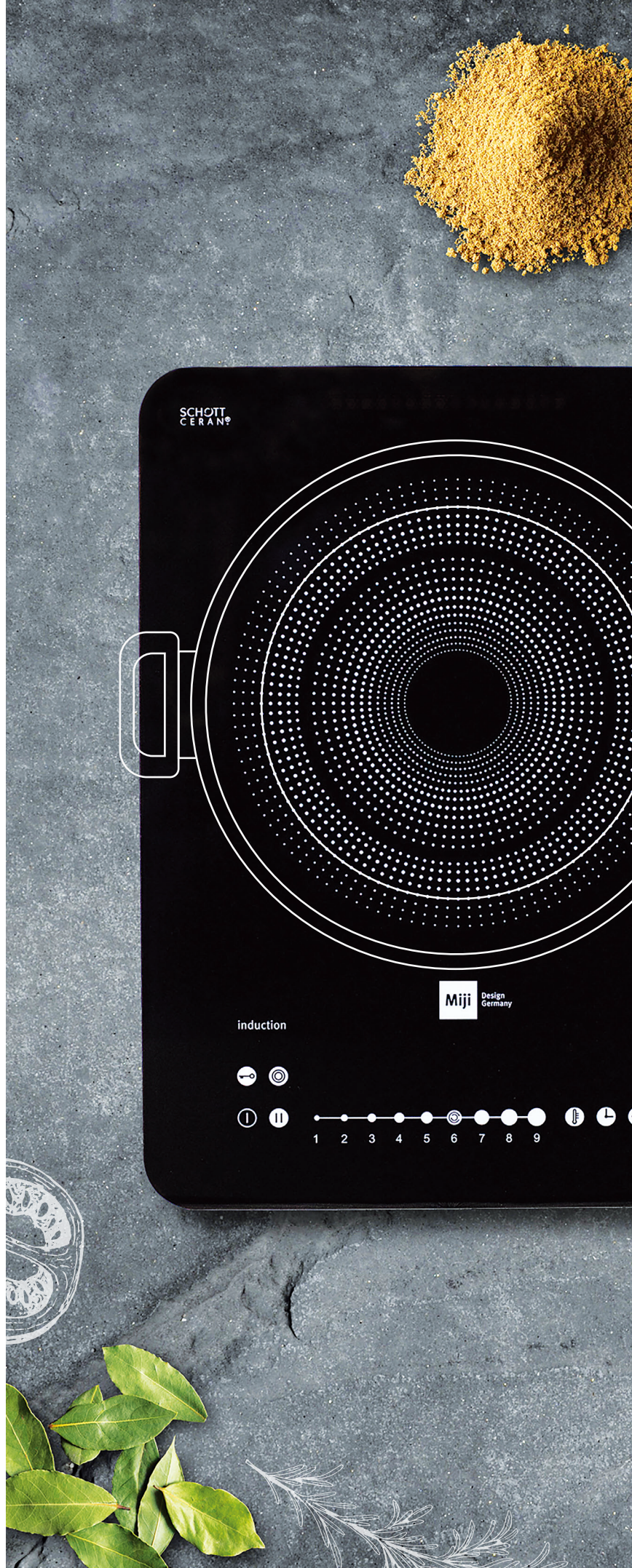
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Miji International Holdings Limited
米技國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 1715

Miji
Joy in the kitchen

Interim Report
2020



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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
Mr. Gu Qing

COMMITTEES OF THE BOARD

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

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
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Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 1350, Clifton House
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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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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



BUSINESS REVIEW AND PROSPECTS

The board (the “Board”) of directors (the “Directors”) of Miji International Holdings Limited (the “Company”) announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020 (the “Interim Period”). These results have been reviewed by the Company’s audit committee (the “Audit Committee”), and PricewaterhouseCoopers, the external auditor of the Group.

BUSINESS OVERVIEW AND OUTLOOK

During the Interim Period, the Group continues to develop, manufacture and sell premium kitchen appliances with a major focus on the PRC market. 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.

Year 2020 has been very challenging due to the outbreak of the novel coronavirus (the “COVID-19”). Global economy suffered significant adverse impact as a result of the lockdown and social distancing measures imposed by the PRC government and many other countries to prevent the spread of the COVID-19, which caused (i) delays in the supply of raw materials from suppliers; (ii) postponement of work resumption after Chinese New Year holidays; and (iii) delays in the original production schedule and product delivery. Retail sales performance was also significantly affected as retail stores could not open for business or were forced to shorten their business hours under the lockdown measures and consumers became more prudent on their spending and preferred to stay at home to reduce the risk of infections.

Under the deteriorating economic conditions and business environment, the Group implemented various measures during the Interim Period to reduce the adverse impact of COVID-19 and stimulate its sales performance. These measures included the close down of non-profitable consignment stores upon expiry of lease, the delay of opening new consignment stores, the offer of more attractive incentives to its customers and the increase in the number of product exhibitions and other marketing events to enhance the recognition of its brands and products. The Directors believe that these measures partially reduced the adverse impact of COVID-19 on the Group’s financial performance. The Group’s revenue for the Interim Period decreased by 12.9% to RMB97.3 million as compared with RMB111.7 million for the six months ended 30 June 2019 and the Group recorded a net loss of RMB12.3 million for the Interim Period.

Although the PRC government has already taken measures to fight the COVID-19 and stimulate the economy, the Directors believe that it would take time for the consumers to regain confidence and the retail industry to fully recover. The Group will remain prudent on business development and continue to implement appropriate measures to improve its sales performance. 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 80% of our total revenue for the Interim Period. The Group's total revenue for the Interim Period amounted to approximately RMB97.3 million.

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

	Six months ended 30 June			
	2020		2019	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Hobs and stoves (Radiant)	80,622	82.9	82,267	73.7
Hobs and stoves (Induction)	2,764	2.8	9,018	8.1
Pots and pans	7,227	7.4	11,275	10.1
Others (Note)	6,666	6.9	9,091	8.1
Total	97,279	100.0	111,651	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 platforms 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			
	2020	% of total	2019	% of total
	RMB'000	revenue	RMB'000	revenue
Direct Sales				
Consignment stores	17,578	18.1	19,376	17.4
Corporate clients	270	0.3	6,368	5.7
Television platform	63,379	65.1	54,986	49.2
Subtotal	81,227	83.5	80,730	72.3
Distributors				
Online platform	12,781	13.1	22,690	20.3
Physical sales locations	3,271	3.4	8,231	7.4
Subtotal	16,052	16.5	30,921	27.7
Total	97,279	100.0	111,651	100.0

Consignment stores

During the Interim Period, the Group's direct sales revenue from consignment stores decreased by 9.3% to RMB17.6 million from RMB19.4 million for the six months ended 30 June 2019, resulting from the shortened business hours of consignment stores under the lock-down measures implemented by the PRC government and the decline in consumer spending.

Corporate clients

During the Interim Period, the Group's sales revenue from corporate clients decreased by 95.3% to RMB0.3 million from RMB6.4 million for the six months ended 30 June 2019. The decrease in sales revenue from corporate clients was attributable to fewer purchase orders from property developers received by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Television platforms

During the Interim Period, the Group's direct sales revenue from television platforms increased by 15.3% to RMB63.4 million from RMB55.0 million for the six months ended 30 June 2019, which was in line with the Group's business plan to increase the proportion of its sales through this sales channel which provided access to customers remotely. The Group offered more attractive incentives to the customers of television platforms, mainly housewives and elderly age groups, because the Group considered that they have more savings than the younger generations and they view kitchen appliances are essential to their daily lives.

Online platforms

During the Interim Period, the Group's sales revenue to distributors who operate online platforms decreased by 43.6% to RMB12.8 million from RMB22.7 million for the six months ended 30 June 2019. The decrease in sales revenue from online platforms operated by the Group's distributors was because the outbreak of COVID-19 reduced the consumer confidence and consumers became more prudent on their personal expenditure.

Physical sales locations

During the Interim Period, the Group's sales revenue to distributors who operate physical sales locations decreased by 59.8% to RMB3.3 million from RMB8.2 million for the six months ended 30 June 2019, primarily attributable to the shortened business hours of physical sales locations under the lock-down measures implemented by the PRC government and the decline in consumers' spending.

Gross profit and gross profit margin

The Group's gross profit margin for the Interim Period decreased to 50.0% as compared with 56.1% for the six months ended 30 June 2019 because the Group offered more attractive incentives to its customers to stimulate sales performance. 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			
	2020		2019	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Hobs and stoves (Radiant)	40,168	49.8	46,688	56.8
Hobs and stoves (Induction)	1,329	48.1	4,817	53.4
Pots and pans	3,696	51.1	6,142	54.5
Others (Note)	3,466	52.0	4,978	54.8
Total	48,659	50.0	62,625	56.1

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



MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Other income mainly includes government grant and sundry income. The Group recorded other income of RMB2.8 million for the Interim Period as compared with RMB1.8 million for the six months ended 30 June 2019. The increase was primarily attributable to the increase in licensing income received from an associate 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 RMB1.2 million for the Interim Period as compared with other gains of RMB175,000 for the six months ended 30 June 2019. The increase was primarily attributable to the increase in exchange gain to RMB1.2 million for the Interim Period as compared with RMB164,000 for the six months ended 30 June 2019.

Selling and distribution expenses

Selling and distribution expenses mainly represent consignment fee for the Group's direct sales through consignment stores and television platforms, 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 19.2% to RMB48.4 million as compared with RMB40.6 million for the six months ended 30 June 2019. This was primarily attributable to the increase in (i) number of product exhibitions and other marketing events to enhance the recognition of the Group's brands and products; and (ii) consignment fees along with the increased proportion of sales through television platforms.

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 increased by 35.3% to RMB11.5 million from RMB8.5 million for the six months ended 30 June 2019. The increase in administrative expenses for the Interim Period was primarily attributable to the increase in (i) staff costs for running the business operation in Germany; and (ii) depreciation on the Group's property and leasehold improvements.

Research and development expenses

Along with the Group's business development, the Group devoted more resources into the development of new products. Research and development expenses for the Interim Period increased by 8.3% to RMB5.2 million as compared with RMB4.8 million for the six months ended 30 June 2019.

Finance income

Finance income represents bank interest income. For the Interim Period, the Group's finance income decreased to RMB0.3 million from RMB0.5 million for the six months ended 30 June 2019, mainly attributable to the decrease in bank balance.

Finance costs

For the Interim Period, the Group's finance costs remained stable at RMB1.3 million as compared with RMB1.4 million for the six months ended 30 June 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

For the Interim Period, the Group's income tax expenses decreased to approximately RMB0.3 million from RMB1.3 million for the six months ended 30 June 2019, primarily attributable to the decrease in assessable profits.

Net (loss)/profit

For the reasons mentioned above, the Group recorded a net loss of RMB12.3 million and a net loss margin of 12.7% for the Interim Period as compared with a net profit of RMB9.7 million and a net profit margin of 8.7% for the six months ended 30 June 2019.

Dividend

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

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 2020, the Group had net current assets of approximately RMB146.7 million (31 December 2019: RMB161.2 million), cash and cash equivalents amounted to approximately RMB46.3 million (31 December 2019: RMB86.7 million) and borrowings amounted to approximately RMB38.3 million (31 December 2019: RMB53.5 million). The Group's cash and cash equivalents and borrowings as at 30 June 2020 were mainly denominated in RMB. As at 30 June 2020, the Group had floating rate borrowings amounting to approximately RMB35.6 million (31 December 2019: RMB48.8 million) and fixed rate borrowings amounting to approximately RMB2.7 million (31 December 2019: RMB4.7 million). The weighted average interest rate of the Group's borrowings as at 30 June 2020 was approximately 4.8% (31 December 2019: 5.2%) per annum.

As at 30 June 2020, the Group had a current ratio of 3.2 times (31 December 2019: 2.6 times) and gearing ratio of 0.2 (calculated by dividing total debt by total equity) (31 December 2019: 0.3).

As at 30 June 2020 and 31 December 2019, the Group did not have any available unutilised banking facilities.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group did not have any significant capital commitments (31 December 2019: nil).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities or guarantees (31 December 2019: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2020, the Group pledged land use rights and buildings with carrying amount of approximately RMB19.2 million and restricted bank deposit of approximately RMB18.3 million to secure its borrowings of approximately RMB19.6 million and RMB16.0 million respectively.

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

Saved as disclosed herein, during the Interim Period, the Group did not have any material acquisitions and disposals of assets, subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Interim Period, the Group does not have any significant investments.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

On 17 January 2020, Miji Electronics and Appliances (Shanghai) Ltd., an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with 上海米之海企業發展有限公司 (Shanghai Mizihai Enterprise Development Co., Ltd.*) for the formation of a joint venture company. This joint venture company is intended for the acquisition of a land parcel in Shanghai Xinzhuang Industrial Zone (the "Target Land") for the construction of production plant, office, research and development center, staff quarter and other ancillary facilities. For details of the formation of this joint venture company, please refer to the announcement dated 17 January 2020. As at 30 June 2020, the joint venture company had been established and it is expected that the process of public tender, auction and listing for sale of the Target Land will take place in the last quarter of 2020.

Saved as disclosed herein, during the Interim Period, the Group currently does not have any other future plans for material investments or capital assets.

FOREIGN EXCHANGE RISKS

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



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 259 employees (31 December 2019: 238 employees), whose remunerations and benefits are determined based on market rates, government policies and individual performance.

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, net of underwriting commissions and other relevant expenses, amounted to approximately HK\$76.2 million (the "Net Proceeds"). On 6 August 2020, the Company made an announcement (the "Announcement") and the Board resolved to change the use of unutilised Net Proceeds in the sum of HK\$12.6 million, which was originally intended for the establishment of showrooms in major cities of the PRC. The outbreak of the COVID-19 had significant adverse impact on the global economy and consumer confidence. Under the existing economic conditions, the Board considers that it would be in the best interests of the Company and its shareholders to stop opening new retail stores and showrooms as they may not be able to generate sufficient revenue to cover operating costs, such as rental expenses and labour costs. Instead, it would be more appropriate to adjust the initial business development plan and re-allocate the Unutilised Net Proceeds for the (i) repayment of borrowings; (ii) expansion and strengthening of sales and marketing capacities; and (iii) development and diversification of product portfolio of hobs and stoves. Please refer to the Announcement for details of the change in the use of unutilised Net Proceeds.

As at 30 June 2020, the Company utilised HK\$63.6 million or 83.5% of the Net Proceeds. Set out below is the breakdown of the use of the Net Proceeds up to 30 June 2020:

Intended use of Net Proceeds	Original allocation of Net Proceeds (approximately)	Revised allocation of Net Proceeds (as disclosed in the Announcement) (approximately)	Utilised amount of Net Proceeds up to 30 June 2020 (approximately)	Unutilised amount of Net Proceeds up to 30 June 2020 (approximately)	Expected timeline for fully utilising the unutilised Net Proceeds after the revised allocation
Establish showrooms in major cities of the PRC	HK\$24.5 million	HK\$11.9 million	HK\$11.9 million	–	N/A
Repayment of bank loans	HK\$18.2 million	HK\$23.2 million	HK\$18.2 million	HK\$5.0 million	HK\$5.0 million to be utilised by 31 December 2020
Expand and strengthen sales and marketing capacities	HK\$18.1 million	HK\$21.7 million	HK\$18.1 million	HK\$3.6 million	HK\$3.6 million to be utilised by 30 June 2021
Develop and diversify product portfolio of hobs and stoves	HK\$2.7 million	HK\$6.7 million	HK\$2.7 million	HK\$4.0 million	HK\$4.0 million to be utilised by 30 June 2021
Conduct project of 米技電爐具智能化服務平台建設 (Establishment of Smart Service Platform for Miji Electric Stoves*)	HK\$5.3 million	HK\$5.3 million	HK\$5.3 million	–	N/A
General working capital	HK\$7.4 million	HK\$7.4 million	HK\$7.4 million	–	N/A
Total	HK\$76.2 million	HK\$76.2 million	HK\$63.6 million	HK\$12.6 million	

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 12 to 32, 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 2020 and the 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-month 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, 18 August 2020

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	5	97,279	111,651
Cost of sales	8	(48,620)	(49,026)
Gross profit		48,659	62,625
Other income	6	2,847	1,756
Other gains, net	7	1,213	175
Selling and distribution expenses	8	(48,444)	(40,558)
Administrative expenses	8	(11,526)	(8,504)
Research and development expenses	8	(5,195)	(4,821)
Net impairment loss on financial assets		(575)	–
Operating (loss)/profit		(13,021)	10,673
Finance income		340	527
Finance costs		(1,338)	(1,350)
Finance costs, net		(998)	(823)
Share of profit of an associate	11	1,977	1,148
(Loss)/profit before income tax		(12,042)	10,998
Income tax expenses	9	(292)	(1,305)
(Loss)/profit for the period		(12,334)	9,693
(Loss)/profit attributable to:			
Owners of the Company		(13,030)	9,099
Non-controlling interests		696	594
		(12,334)	9,693

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 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		15	2
Other comprehensive income for the period, net of tax		15	2
Total comprehensive (loss)/income for the period		(12,319)	9,695
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(13,015)	9,101
Non-controlling interests		696	594
Total comprehensive (loss)/income for the period		(12,319)	9,695
(Loss)/earnings per share attributable to owners of the Company for the period			
Basic and diluted (RMB cents)	10	(0.87)	0.61

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 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	20,742	20,478
Right-of-use assets	13	4,556	6,226
Land use rights	14	8,898	9,005
Investment in an associate	11	8,458	7,246
Intangible assets	15	781	870
Prepayment		610	–
Deferred income tax assets		178	155
		44,223	43,980
Current assets			
Inventories	16	65,324	56,181
Trade receivables	17	59,923	67,150
Other receivables, deposits and prepayments		24,844	32,360
Restricted bank deposit		18,269	17,915
Cash and cash equivalents		46,347	86,709
		214,707	260,315
Total assets		258,930	304,295
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	12,561	12,561
Share premium	18	72,173	72,173
Reserves		92,105	105,120
		176,839	189,854
Non-controlling interests		5,684	4,988
Total equity		182,523	194,842

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 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,444	3,418
Borrowings	20	5,974	6,965
		8,418	10,383
Current liabilities			
Trade and other payables	19	28,569	46,007
Borrowings	20	32,305	46,547
Lease liabilities		2,669	3,323
Amount due to an associate	22	2,143	977
Contract liabilities		2,303	720
Current income tax liabilities		-	1,496
		67,989	99,070
Total liabilities		76,407	109,453
Total equity and liabilities		258,930	304,295

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)					
Balance as at 1 January 2019	12,561	72,173	86,274	3,745	174,753
Profit for the period	-	-	9,099	594	9,693
Other comprehensive income: Currency translation differences	-	-	2	-	2
Total comprehensive income for the six months ended 30 June 2019	-	-	9,101	594	9,695
Partial disposal of interest in a subsidiary without loss of control (Note)	-	-	93	107	200
Total transactions with owners	-	-	93	107	200
Balance as at 30 June 2019	12,561	72,173	95,468	4,446	184,648
(Unaudited)					
Balance as at 1 January 2020	12,561	72,173	105,120	4,988	194,842
(Loss)/profit for the period	-	-	(13,030)	696	(12,334)
Other comprehensive income: Currency translation differences	-	-	15	-	15
Total comprehensive (loss)/income for the six months ended 30 June 2020	-	-	(13,015)	696	(12,319)
Balance as at 30 June 2020	12,561	72,173	92,105	5,684	182,523

Note: During the six months 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% interest 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operations	(20,215)	(13,646)
Income tax paid	(1,811)	(3,264)
Net cash used in operating activities	(22,026)	(16,910)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,980)	(6,849)
Purchase of land use right	–	(8,117)
Interest received	340	527
Dividend received from an associate	765	1,439
Prepayment for acquisition of investment in an associate	–	(1,974)
Prepayment for purchase of property, plant and equipment	(610)	(960)
Decrease in bank deposits	–	35,048
Net cash (used in)/generated from investing activities	(1,485)	19,114
Cash flows from financing activities		
Interest paid	(1,338)	(1,350)
Dividend paid to a non-controlling interest	–	(2,185)
Proceeds from bank borrowings	13,000	37,951
Repayment of bank borrowings	(28,233)	(24,250)
Payment for lease liabilities, principal portion	(1,547)	(1,036)
Proceeds from partial disposal of interest in a subsidiary without loss of control	–	200
Net cash (used in)/generated from financing activities	(18,118)	9,330
Net (decrease)/increase in cash and cash equivalents	(41,629)	11,534
Cash and cash equivalents as at 1 January	86,709	46,944
Effect of exchange difference	1,267	197
Cash and cash equivalents as at 30 June	46,347	58,675

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 2020 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 of the Group for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the annual consolidated financial statements for the year ended 31 December 2019, except for estimation of income tax and the adoption of new and amended standards and framework 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.

(a) Amended standards and framework adopted by the Group

A number of amended standards and framework became applicable for the current reporting period:

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19-related rental concession

The amended standards and framework listed above did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 ACCOUNTING POLICIES (Continued)

(b) New and amended standards issued by not yet effective

Certain new and amended standards have been issued but not yet to be effective for the financial year beginning 1 January 2020 and have not been early adopted by the Group:

HKFRS 17	Insurance Contracts ⁽¹⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽²⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 January 2021.

⁽²⁾ Effective date to be determined.

Certain new accounting standards and amended standards 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.

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 2019.

There have been no changes in the risk management policies since 31 December 2019.

3.2 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 2020.

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 payables, 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 consolidated financial statements for the year ended 31 December 2019.

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 2020 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 RMB43,676,000 (31 December 2019: RMB43,376,000) of the Group are located in the PRC as at 30 June 2020. Revenue of RMB97,024,000 (2019: RMB111,369,000) are derived from external customers in the PRC for the six months ended 30 June 2020.

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue		
Sales of goods	97,279	111,651
Timing of revenue recognition		
At a point in time	97,279	111,651

6 OTHER INCOME

The Group's other income recognised during the six months ended 30 June 2020 are as follows:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other income:		
– Government grant	709	1,746
– Licensing income from an associate	1,837	–
– Management fee from an associate	220	–
– Sundry income	81	10
	2,847	1,756

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 OTHER GAINS, NET

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment	-	(1)
Exchange gain, net	1,213	164
Others	-	12
	1,213	175

8 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cost of materials used	45,192	46,264
Auditor's remuneration	362	281
Amortisation of intangible assets	90	112
Depreciation of property, plant and equipment	1,476	824
Depreciation of right-of-use assets	1,670	983
Depreciation of land use rights	107	14
Employee benefit expenses (including directors' emoluments)	15,158	15,451
Consignment fee	24,604	20,302
Short-term leases expenses	220	453

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 2019: 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 2019: 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 renewed the Certificate on 23 October 2017 and the Certificate will be expired on 22 October 2020.

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 2020 and 2019. 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.

(iv) Corporate income tax in Germany

The Group did not have any assessable profit in Germany during the six months ended 30 June 2020 (six months ended 30 June 2019: The income tax on profits arising from Germany has been calculated on the estimated assessable profits at the rate of approximately 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 INCOME TAX EXPENSES (Continued)

(vi) Tax expense for the period

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current income tax	315	1,322
Deferred income tax	(23)	(17)
	292	1,305

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.

10 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
(Loss)/profit attributable to owners of the Company (RMB)	(13,030,000)	9,099,000
Weighted average number of ordinary shares in issue	1,500,000,000	1,500,000,000
Basic (loss)/earnings per share (RMB cents)	(0.87)	0.61

(b) Diluted

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in existence during the period.

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
<hr/>	
(Unaudited)	
For the six months ended 30 June 2019	
As at 1 January 2019	4,779
Share of profit	1,148
Dividend received	(1,439)
	<hr/>
As at 30 June 2019	4,488
	<hr/>
(Unaudited)	
For the six months ended 30 June 2020	
As at 1 January 2020	7,246
Share of profit	1,977
Dividend received	(765)
	<hr/>
As at 30 June 2020	8,458
	<hr/>

12 PROPERTY, PLANT AND EQUIPMENT

	RMB'000
<hr/>	
(Unaudited)	
For the six months ended 30 June 2019	
Net book value as at 1 January 2019	6,667
Additions	9,347
Disposals	(1)
Depreciation (Note 8)	(824)
Currency translation difference	(3)
	<hr/>
Net book value as at 30 June 2019	15,186
	<hr/>
(Unaudited)	
For the six months ended 30 June 2020	
Net book value as at 1 January 2020	20,478
Additions	1,980
Disposals	(250)
Depreciation (Note 8)	(1,476)
Currency translation difference	10
	<hr/>
Net book value as at 30 June 2020	20,742
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 RIGHT-OF-USE ASSETS

(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:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Unaudited)
Right-of-use assets		
Non-current	4,556	6,226

During the six months ended 30 June 2020, there were no additions to the right-of-use assets (six months ended 30 June 2019: 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:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets (Note 8)	1,670	983
Interest expense	176	105
Gain on modification of a lease	-	12

The total cash outflow for leases (including interest portion) in the six months ended 30 June 2020 is RMB1,723,000 (six months ended 30 June 2019: 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 for land and their net carrying values are analysed as follows:

	RMB'000
<hr/>	
(Unaudited)	
For the six months ended 30 June 2019	
Net book value as at 1 January 2019	945
Addition	8,117
Depreciation (Note 8)	(14)
	<hr/>
Net book value as at 30 June 2019	9,048
	<hr/>
(Unaudited)	
For the six months ended 30 June 2020	
Net book value as at 1 January 2020	9,005
Depreciation (Note 8)	(107)
	<hr/>
Net book value as at 30 June 2020	8,898
	<hr/>

The Group's land use rights are located in the PRC and are held on leases with terms between 47 to 50 years. Depreciation of the Group's land use rights has been charged to administrative expenses.

15 INTANGIBLE ASSETS

	RMB'000
<hr/>	
(Unaudited)	
For the six months ended 30 June 2019	
Net book value as at 1 January 2019	1,002
Amortisation (Note 8)	(112)
Currency translation difference	(1)
	<hr/>
Net book value as at 30 June 2019	889
	<hr/>
(Unaudited)	
For the six months ended 30 June 2020	
Net book value as at 1 January 2020	870
Amortisation (Note 8)	(90)
Currency translation difference	1
	<hr/>
Net book value as at 30 June 2020	781
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 INVENTORIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Parts and components	6,737	7,805
Finished goods	58,587	48,376
	65,324	56,181

17 TRADE RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	61,305	67,956
Loss allowance	(1,382)	(806)
	59,923	67,150

As at 30 June 2020, the ageing analysis of the trade receivables, net of provision, based on invoice date is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade debtors, net analysed by invoice date:		
1–30 days	27,796	37,924
31–60 days	8,769	12,929
61–90 days	8,780	9,282
Over 90 days	14,578	7,015
	59,923	67,150

18 SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares HK\$'000
Authorised: (Unaudited) Ordinary shares of HKD0.01 each As at 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	10,000,000,000	100,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 SHARE CAPITAL (continued)

	Number of shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued: (Unaudited) As at 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	1,500,000,000	15,000	12,561	72,173

19 TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables (Note (a))	14,083	25,909
Other payables and accruals	14,486	20,098
	28,569	46,007

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

Note:

(a) Trade payables

As at 30 June 2020, 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
1–30 days	8,505	17,586
31–60 days	4,730	6,553
61–90 days	613	1,527
Over 90 days	235	243
	14,083	25,909

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 BORROWINGS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current		
Borrowings	32,305	46,547
Non-current		
Borrowings	5,974	6,965
	38,279	53,512

As at 30 June 2020, the borrowings amounting to RMB35,551,000 and RMB2,728,000 (31 December 2019: RMB48,829,000 and RMB4,683,000) were carried at floating rate and fixed rate respectively. The weighted average interest rate are 4.8% (31 December 2019: 5.2%) per annum.

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Borrowings – unsecured	2,803	7,815
Borrowings – secured	35,551	45,829
	38,354	53,644
Adjusted by: unamortised loan arrangement fees	(75)	(132)
	38,279	53,512

As at 30 June 2020, borrowings of RMB19,551,000 (31 December 2019: RMB29,829,000) were secured by the land use rights and buildings of the Group with total carrying value of RMB19,162,000 (31 December 2019: RMB19,604,000).

As at 30 June 2020, restricted bank deposit of RMB18,269,000 (31 December 2019: RMB17,915,000) are held at bank as a security for bank borrowings of RMB16,000,000 (31 December 2019: RMB16,000,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 BORROWINGS (Continued)

As at 30 June 2020, the Group's borrowings were repayable as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 6 months	18,317	28,231
Between 6 and 12 months	13,988	18,316
Between 1 and 2 years	611	1,289
Between 2 and 5 years	2,062	629
Over 5 years	3,301	5,047
	38,279	53,512

As at 30 June 2020, the contractual maturities of the Group's non-derivative financial liabilities are as follows:

(Audited)

Contractual maturities of financial liabilities As at 31 December 2019	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 of liabilities RMB'000
Non-derivatives							
Trade and other payables	32,560	-	-	-	-	32,560	32,560
Borrowings	29,866	19,331	1,667	946	6,071	57,881	53,512
Amount due to an associate	977	-	-	-	-	977	977
Lease liabilities	1,817	1,825	3,490	137	-	7,269	6,741
Total non-derivatives	65,220	21,156	5,157	1,083	6,071	98,687	93,790

(Unaudited)

Contractual maturities of financial liabilities As at 30 June 2020	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 of liabilities RMB'000
Non-derivatives							
Trade and other payables	18,046	-	-	-	-	18,046	18,046
Borrowings	18,637	14,194	946	2,838	3,705	40,320	38,279
Amount due to an associate	2,143	-	-	-	-	2,143	2,143
Lease liabilities	1,824	1,075	2,554	-	-	5,453	5,113
Total non-derivatives	40,650	15,269	3,500	2,838	3,705	65,962	63,581

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 DIVIDENDS

No dividend was declared by the Company during the six months ended 30 June 2020 and 2019.

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 periods, the following transactions were carried out with the related party at terms mutually agreed by both parties:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Sales of goods to		
– Miji Xuanshang	69	101
Purchases of goods from		
– Miji Xuanshang	7,481	5,729
Licensing income from		
– Miji Xuanshang	1,947	–
Service income from		
– Miji Xuanshang	220	–

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amount due to an associate		
Miji Xuanshang (note (i))	2,143	977

Note:

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

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 2020, 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	772,700,000 (L)	51.51%
Mr. Walter Ludwig Michel ("Mr. Michel") (Note 3)	Interest of spouse	772,700,000 (L)	51.51%

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:

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 772,700,000 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 772,700,000 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 30 June 2020, 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.

OTHER INFORMATION

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 2020 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 2020, 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	772,700,000 (L)	51.51%

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 2020, 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 during the Interim Period.



OTHER INFORMATION

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 2020 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 2020 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.

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.





OTHER INFORMATION

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:

Three of the independent non-executive Directors, namely Mr. Wang Shih-fang, Mr. Yan Chi Ming and Mr. Hooi Hing Lee, have entered into a service contract with the Company for a term of one year commencing from 24 June 2019 to 23 June 2020, which can be terminated by either party giving not less than one month's notice in writing. The specific term of the independent non-executive Directors has been renewed for a term of one year commencing from 24 June 2020 to 23 June 2021.

EVENT AFTER THE REPORTING PERIOD

On 6 August 2020, the Board announced that it would be more appropriate to adjust the initial business development plan and re-allocate the unutilised net proceeds of approximately HK\$12.6 million for the (i) repayment of borrowings; (ii) expansion and strengthening of sales and marketing capacities; and (iii) development and diversification of product portfolio of hobs and stoves to deal with the adverse impact brought by the COVID-19.

For details, please refer to the paragraph headed "Use of Proceeds from Initial Public Offering" and the Announcement.

Save as disclosed above, no significant events affecting the Group have occurred since the end of the reporting period.

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

Hong Kong, 18 August 2020

* For identification purpose only