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

Miji Design Germany

Miji Joy in the kitchen

ANNUAL REPORT 2022

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Madam Maeck Can Yue
(Chairperson and Chief Executive Officer)
Mr. Wu Huizhang

Independent Non-executive Directors

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

COMMITTEES OF THE BOARD

Audit Committee

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

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 *(ACG, HKACG (PE))*

AUTHORISED REPRESENTATIVES

Madam Maeck Can Yue
Ms. Ho Wing Yan *(ACG, HKACG (PE))*

AUDITOR

Conpak CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
Rooms 05-15, 13A/F, South Tower
World Finance Centre, Harbour City
17 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
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

Suite 2703
27/F Shui On Centre
No. 6–8 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL BANKS

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

SHARE REGISTRARS AND TRANSFER OFFICES

Hong Kong

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Cayman Islands

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

STOCK NAME

MIJI INTL HLDGS

STOCK CODE

1715

WEBSITE

www.mijiholdings.com

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**88,186**	143,873	189,380	246,302	281,690
Cost of sales	**(49,699)**	(78,603)	(94,394)	(112,656)	(131,890)
Gross profit	**38,487**	65,270	94,986	133,646	149,800
(Loss)/profit before income tax	**(43,206)**	(43,720)	(19,671)	22,274	28,424
Net (loss)/profit for the year	**(43,550)**	(43,894)	(19,950)	19,897	23,687
Attributable to:					
– Owners of the Company	**(43,213)**	(44,353)	(21,128)	18,761	22,404
– Non-controlling interests	**(337)**	459	1,178	1,136	1,283
	(43,550)	(43,894)	(19,950)	19,897	23,687

ASSETS AND LIABILITIES

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**193,804**	190,723	246,342	304,295	268,069
Total liabilities	**(113,898)**	(66,575)	(73,391)	(109,453)	(93,316)
	79,906	124,148	172,951	194,842	174,753
Equity attributable to owners of the Company	**80,363**	124,268	168,749	189,854	171,008
Non-controlling interests	**(457)**	(120)	4,202	4,988	3,745
	79,906	124,148	172,951	194,842	174,753

The summary above does not form part of the audited consolidated financial statements.

CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Miji International Holdings Limited (the "Company"), I hereby present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2022 (the "Reporting Period") to the shareholders of the Company.

BUSINESS REVIEW

There was a new wave of novel coronavirus ("COVID-19") infections in Shanghai during the Reporting Period. The PRC government implemented lockdown measures in Shanghai in order to contain the spread of COVID-19 therein. The Group's principal business operations are in Shanghai. As a result of the implementation of the lockdown measures, the business operations of the Group and its business partners in Shanghai had been suspended for approximately 2.5 months, causing an adverse impact on the Group's financial results for the Reporting Period. Further, the PRC consumers became more prudent on their spending under the current economic situation, which also affected the Group's revenue. The Group's revenue for the Reporting Period decreased by 38.7% to RMB88.2 million as compared with RMB143.9 million for the year ended 31 December 2021. The Group recorded a net loss of RMB43.6 million for the Reporting Period.

The Group has already fully resumed its business operations. It has also taken swift actions to reduce the adverse impact caused by the COVID-19 pandemic, such as closing down consignment stores with poor sales performance, enhancing the management of distributors and designing new products that suit the needs of consumers. During the Reporting Period, outdoor activities (such as camping and hiking) were rising in popularity. The Group tailor made new products for these activities and it also entered into cooperation with distributors of products for outdoor activities to diversify its customer base. Management believes that the aforesaid actions will gradually improve the Group's financial performance.

Highlights of the audited results of the Group for the Reporting Period, as compared to 2021, are shown in the following table:

	Year ended 31 December	
	2022 (Audited)	2021 (Audited)
Revenue (RMB'000)	**88,186**	143,873
Net loss for the year (RMB'000)	**(43,550)**	(43,894)
Loss per share		
– Basic (RMB cents)	**2.88**	(2.96)
– Diluted (RMB cents)	**2.88**	(2.96)

OUTLOOK AND STRATEGY

Looking ahead, the Group will remain prudent on business development and continue to implement appropriate measures to improve sales performance and reduce costs of business operations. The Group will also explore potential opportunities that can diversify its business operations and create value for the Group and its shareholders.

GRATITUDE

On behalf of the Company, I would like to express my sincere gratitude to our valued shareholders, customers, suppliers, banks and to our management and employees for their continuous trust and support to the Group. The coming year will be full of opportunities and challenges and we will strive our best to create greater value for our shareholders and investors.

By order of the Board
Madam Maeck Can Yue
Chairperson

Hong Kong, 31 March 2023

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW AND BUSINESS STRATEGY

During the Reporting 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.

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The Group has already fully resumed its business operations. It has also taken swift actions to reduce the adverse impact caused by the COVID-19 pandemic, such as closing down consignment stores with poor sales performance, enhancing the management of distributors and designing new products that suit the needs of consumers. During the Reporting Period, outdoor activities (such as camping and hiking) were rising in popularity. The Group tailor made new products for these activities and it also entered into cooperation with distributors of products for outdoor activities to diversify its customer base. Management believes that the aforesaid actions will gradually improve the Group's financial performance.

Looking ahead, the Group will remain prudent on business development and continue to implement appropriate measures to improve sales performance and reduce costs of business operations. The Group will also explore potential opportunities that can diversify its business operations and create value for the Group and its shareholders.

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 71.8% of our total revenue for the Reporting Period. The Group's total revenue for the Reporting Period amounted to approximately RMB88.2 million.

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

	Year ended 31 December			
	2022		2021	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Hobs and stoves (Radiant)	**63,289**	**71.8**	114,034	79.3
Hobs and stoves (Induction)	**3,579**	**4.1**	6,592	4.6
Pots and pans	**3,103**	**3.5**	7,073	4.9
Others (Note)	**18,215**	**20.6**	16,174	11.2
Total	**88,186**	**100.0**	143,873	100.0

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

Revenue by geographical regions

During the Reporting Period, the Group's revenue was substantially derived in the PRC.

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 Reporting Period:

	Year ended 31 December			
	2022		2021	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Direct Sales				
Consignment stores	**26,550**	**30.1**	34,605	24.1
Corporate clients	**3,235**	**3.7**	1,956	1.4
Television platforms	**32,911**	**37.3**	54,871	38.1
Subtotal	**62,696**	**71.1**	91,432	63.6
Distributors				
Online platforms	**19,961**	**22.6**	34,660	24.1
Physical sales locations	**5,529**	**6.3**	17,781	12.3
Subtotal	**25,490**	**28.9**	52,441	36.4
Total	**88,186**	**100.0**	143,873	100.0

Consignment stores

During the Reporting Period, the Group's direct sales revenue from consignment stores decreased by 23.1% to RMB26.6 million from RMB34.6 million for the year ended 31 December 2021, primarily attributable to the implementation of quarantine measures by the PRC government and the decrease in consumer spending.

Corporate clients

During the Reporting Period, the Group's sales revenue from corporate clients increased by 60.0% to RMB3.2 million from RMB2.0 million for the year ended 31 December 2021. The increase in sales revenue from corporate clients was because the Group had more purchase orders from property developers.

Television platforms

During the Reporting Period, the Group's direct sales revenue from television platforms decreased by 40.0% to RMB32.9 million from RMB54.9 million for the year ended 31 December 2021, primarily attributable to the decrease in consumer spending.

Online platforms

During the Reporting Period, the Group's sales revenue from online platforms operated by the Group's distributors decreased by 42.4% to RMB20.0 million from RMB34.7 million for the year ended 31 December 2021, primarily attributable to the decrease in consumer spending.

Physical sales locations

During the Reporting Period, the Group's sales revenue from physical sales locations decreased by 69.1% to RMB5.5 million from RMB17.8 million for the year ended 31 December 2021, primarily attributable to the implementation of quarantine measures by the PRC government and the decrease in consumer spending.

Gross profit and gross profit margin

The Group's gross profit margin decreased to 43.6% for the Reporting Period as compared with 45.4% for the year ended 31 December 2021 because the prices of raw materials have been increasing in the Reporting Period. Set out below is a breakdown of gross profit and gross profit margin by product categories for the Reporting Period:

	Year ended 31 December			
	2022		2021	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Hobs and stoves (Radiant)	**28,296**	**44.7**	52,904	46.4
Hobs and stoves (Induction)	**1,427**	**39.9**	2,901	44.0
Pots and pans	**1,264**	**40.7**	3,002	42.4
Others (Note)	**7,500**	**41.2**	6,463	40.0
Total	**38,487**	**43.6**	65,270	45.4

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

Other income

Other income mainly includes government grant, licensing income, management fee income and sundry income. The Group's other income for the Reporting Period decreased by 45.8% to RMB2.6 million from RMB4.8 million for the year ended 31 December 2021. Such decrease was primarily attributable to the decrease in licensing income from an associate.

Other gains and losses

Other gains and losses mainly comprised exchange differences and net gain on disposals of investments. The Group recorded other gains of RMB2.1 million for the Reporting Period as opposed to other losses of RMB0.8 million for the year ended 31 December 2021. During the Reporting Period, the Group recognised a net gain on disposals of investments of RMB3.0 million (2021: nil).

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, 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 Reporting Period decreased by 41.8% to RMB42.5 million as compared with RMB73.0 million for the year ended 31 December 2021, which was in line with the decrease in the Group's sales revenue.

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 rights, amortisation of intangible assets and other miscellaneous administrative expenses. Administrative expenses for the Reporting Period remained relatively stable at RMB28.5 million as compared with RMB27.1 million for the year ended 31 December 2021.

Research and development expenses

Research and development expenses for the Reporting Period decreased by 23.8% to RMB8.0 million as compared with RMB10.5 million for the year ended 31 December 2021 primarily attributable to cost control.

Finance income

For the Reporting Period, the Group's finance income decreased by 32.6% to RMB62,000 from RMB92,000 for the year ended 31 December 2021, mainly attributable to the decrease in funds put in term deposits.

Finance costs

For the Reporting Period, the Group's finance costs increased by 240.0% to RMB5.1 million as from RMB1.5 million for the year ended 31 December 2021, primarily attributable to the increase in borrowings.

Share of net loss of associates

For the Reporting Period, the Group's share of net loss of associates amounted to RMB0.4 million as compared with RMB0.7 million for the year ended 31 December 2021, primarily due to the decrease in the loss contributed from associates.

MANAGEMENT DISCUSSION & ANALYSIS

Income tax expenses

The Group's income tax expenses for the Reporting Period amounted to RMB0.3 million as compared with RMB0.2 million for the year ended 31 December 2021. The increase in income tax expenses was primarily attributable to the increase in deferred tax liabilities during the Reporting Period.

Net loss

As a result of the above factors, the Group's net loss for the Reporting Period decreased to RMB43.6 million from RMB43.9 million for the year ended 31 December 2021. The Group's net loss margin for the Reporting Period increased to 49.4% from 30.5% for the year ended 31 December 2021.

Dividend

The Board does not recommend the payment of a final dividend for the Reporting Period (31 December 2021: nil).

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2018. There has been no change in the capital structure of the Group since then.

The Group 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 31 December 2022, the Group had net current assets of RMB58.3 million (31 December 2021: RMB90.6 million), cash and cash equivalents amounted to RMB11.4 million (31 December 2021: RMB32.3 million) and borrowings amounted to RMB78.6 million (31 December 2021: RMB28.7 million). The Group's cash and cash equivalents as at 31 December 2022 were mainly denominated in RMB and HKD. As at 31 December 2022, the Group's borrowings (denominated in RMB and HKD) amounting to RMB25.0 million and RMB53.6 million (31 December 2021: RMB28.7 million and nil) carried interest at floating rate and fixed rate respectively. The weighted average interest rates are 9.62% (2021: 5.1%) per annum.

As at 31 December 2022, the Group had a current ratio of 1.5 times (31 December 2021: 2.5 times) and gearing ratio of 1.0 (calculated by dividing total borrowings by total equity) (31 December 2021: 0.2).

As at 31 December 2022, the Group did not have any available unutilised banking facilities (31 December 2021: nil).

RESTRICTED BANK DEPOSIT

As at 31 December 2022, the Group had restricted bank deposit of RMB0.2 million (31 December 2021: RMB0.2 million).

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any significant capital commitments (31 December 2021: nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities or guarantees (31 December 2021: nil).

PLEDGE OF ASSETS

As at 31 December 2022, the Group pledged land use rights and buildings with carrying amount of RMB17.0 million to secure its borrowings of RMB25.0 million.

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

On 31 December 2021 (after trading hours), Miji Electronics and Appliances (Shanghai) Ltd (the "Vendor") and two individual purchasers entered into a disposal agreement, pursuant to which the Vendor conditionally agreed to sell, and those two individual purchasers conditionally agreed to acquire, in aggregate 40% equity interest held by the Vendor in 米技炫尚智能家用電器(上海)有限公司 (Miji Xuanshang Intelligence Home Appliances (Shanghai) Company Limited*), at the consideration of RMB12,000,000. This transaction was completed in February 2022. For details of this transaction, please refer to the Company's announcement dated 31 December 2021.

On 15 March 2022 (after trading hours), the Company (the "Vendor") and Lucky Stone Investments Limited (the "Purchaser") entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire 33% issued shares of Sky Asia Construction Engineering Limited (the "Target Company"), which is a special purpose company for holding the Yacht, owned by the Vendor, at the consideration of HK$4,500,000 in accordance with the terms and conditions of the Disposal Agreement. This transaction was completed on 23 May 2022 and the Company ceased to own any issued shares of the Target Company upon completion of this transaction. For details of this transaction, please refer to the Company's announcement dated 15 March 2022, 4 April 2022 and 23 May 2022.

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

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Saved as disclosed in this report, during the Reporting Period, the Group did not make any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed herein, as at 31 December 2022, the Group does not have any future plans for material investments and 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 currencies other than RMB, 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, REMUNERATION POLICY AND TRAINING

As at 31 December 2022, the Group had a total of 173 staff (31 December 2021: 248 employees), whose remunerations and benefits are determined based on market rates, government policies and individual performance. The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which were identified annually by individual departments.

The China employees of the Group are required to participate in a central pension scheme (the "Defined Contribution Schemes") operated by the local municipal government, which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Defined Contribution Schemes. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2021 and 31 December 2022, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2021 and 2022.

For each of the two years ended 31 December 2021 and 2022, the Group did not have any defined benefit plan.

EXECUTIVE DIRECTORS

Madam Maeck Can Yue (alias Mäck GEB., Ji Can Yue and Ji Can Yue) ("Madam Maeck"), aged 56, is a Founder, and was appointed as an Executive Director, Chairperson, Chief Executive Officer and Chairperson of the Nomination Committee of the Company on 16 May 2017. She is responsible for the Group's overall corporate management and business development strategies. Madam Maeck has been appointed as a Director of all the subsidiaries of the Company.

Madam Maeck has over 20 years of experience in kitchenware industry. Prior to her establishment of Miji GmbH in June 2000 and Miji Electronics and Appliances (Shanghai) Ltd. in October 2001, Madam Maeck had worked for OBI GmbH & Co. Deutschland KG, a company principally engaged in the business of home improvement supplies retailing as a Director of marketing and development, where she was mainly responsible for marketing and development, from May 1998 to April 2000; and for Leica Microsystems Ltd., a company principally engaged in the business of manufacturing optical microscopes, equipment for the preparation of microscopic specimens and related products, from January 1996 to March 1998.

Madam Maeck obtained a Diploma of Enterprise Management in May 1996 from the Fachhochschule für Wirtschaft Berlin.

In 2001, Madam Maeck was recognised by the Shanghai Municipal Personnel Bureau, the Predecessor of Human Resources and Social Security（人力資源和社會保障局）as one of the scholars studied abroad who was eligible for preferential treatment for investment in Shanghai, China. She was conferred the title of Adjunct Professor on 1 September 2015 and appointed as Advisor for Master of International Business for the period from April 2017 to March 2020 by Shanghai University of International Business and Economics. She was also selected as one of the Leading Talents of Minhang District（閔行領軍人士）, Shanghai, China by the Shanghai Minhang District Human Resource and Social Security Bureau（上海閔行區人力資源和社會保障局）in 2013. Madam Maeck also received several awards in recognition of her entrepreneurship, including the 5th Shanghai Science and Technology Entrepreneur (Women Entrepreneur) Innovation Award（第五屆上海科技企業家（女企業家）創新獎）in 2010, and Shanghai Business Outstanding Entrepreneur（上海商業優秀企業家）for 2016.

Mr. Wu Huizhang ("Mr. Wu"), aged 44, was appointed as an Executive Director on 25 January 2021. He graduated from Jimei University（集美大學）with a Diploma in Port Administration. Mr. Wu has over 20 years of experience in export trading and enterprise management. Mr. Wu has been working as the General Manager of Xiamen Hezhong Zhiyuan Enterprise Management Co., Ltd.*（廈門合眾致遠企業管理有限公司）(a company principally engaged in the provision of business consultancy services) since June 2017; and the Supervisor of Fuzhou Sihui Trading Co., Ltd.*（福州斯惠貿易有限公司）("Fuzhou Sihui") (an export trading company) since May 2017. Mr. Wu also worked as the Deputy General Manager of Fuzhou Sihui from March 2010 to June 2016; and the Manager of Operation Department of Xiamen China Trade International Freight Forwarding Co., Ltd.*（廈門中貿國際貨運代理有限公司）from September 2000 to January 2010. Mr. Wu was responsible for operation, strategic planning, financial and risk management of the aforesaid companies.

* For identification purposes only

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Shih-fang ("Mr. Wang"), aged 53, was appointed as an Independent Non-Executive Director, a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company on 23 June 2018. He has over 17 years of experience in the finance industry. Between July 2014 and December 2016, Mr. Wang was the Managing Director of Haitong International Securities Group Limited. He was also acted as a first Vice President in business planning and support department of Fubon Asset Management Co., Ltd（富邦證券投資信託股份有限公司）between March 2010 and February 2014. Prior to that, he was appointed as an Associate Director of SinoPac Securities (Asia) Limited between November 2008 to April 2010. From August 2006 to October 2008, he served Pinebridge Investments Management Taiwan Limited（柏瑞證券投資信託股份有限公司）, formerly known as AIG Investment Management Corporation (Taiwan) Ltd.（友邦證券投資信託股份有限公司）as an Assistant Vice President and Head of Direct Sales. From October 2002 to July 2006, he served Eastspring Securities Investment Trust Co., Ltd（瀚亞證券投資信託股份有限公司）, formerly known as PCA Securities Investment Trust Co., Ltd.（保誠證券投資信託股份有限公司）as a Manager of the Financial Business Department.

In April 2001, Mr. Wang was awarded the Certificate of Securities Investment Trust and Consulting by Securities Investment Trust and Consulting Association of the ROC in Taiwan. In 2002, Mr. Wang was awarded the Certificate of Broker License by Securities and Futures Institute in Taiwan. Mr. Wang was also a Licensed Representative under the Securities and Futures Ordinance from January 2009 to April 2010.

Mr. Wang graduated from Fu-Jen Catholic University in Taiwan with a Bachelor's Degree in Philosophy in June 1992 and a Master's Degree in Arts in June 1995. Mr. Wang also obtained his Master's Degree in Business Administration from the National Chengchi University in Taiwan in January 2012. Mr. Wang has also conducted Lectures at Fu-Jen Catholic University.

Mr. Yan Chi Ming ("Mr. Yan"), aged 68, was appointed as an Independent Non-Executive Director, Chairperson of the Remuneration Committee and a member of the Audit Committee of the Company on 23 June 2018. He has over 23 years of experience in construction, property development and investment in Hong Kong and mainland China. He has been the Chief Executive Officer of Gateway Development & Investment Limited since June 2011. Prior to that, Mr. Yan held senior positions of a number of companies listed on the main board of the Stock Exchange, including MTR Corporation Limited (from 2004 to 2011 with his last position as a Chief Development Manager – Shenzhen), COSCO International Land Limited, a wholly owned subsidiary of COSCO International Holdings Limited (from 1997 to 1998 as a General Manager) and the group of Shui On Holdings Limited (from 1999 to 2003, with his last position as an Assistant General Manager). Mr. Yan was an Executive Director and the Chairman of the Board of Directors of Kong Shum Union Property Management (Holding) Limited (a company listed on the GEM of the Stock Exchange, Stock code: 08181) between December 2015 and July 2016.

Mr. Yan was admitted as a member of the Institution of Civil Engineers of the United Kingdom (the "UK") in June 1980. He was elected as a member of the Institution of Structural Engineers of the UK in November 1982.

Further, Mr. Yan was elected as a fellow member of the Hong Kong Institute of Real Estate Administration in April 1999. He was also admitted as a fellow member of the Hong Kong Institute of Directors in December 2011.

Mr. Yan obtained a Bachelor Degree of Science in Engineering and a Master Degree of Business Administration from the University of Hong Kong in Hong Kong, China in November 1976 and November 1985 respectively. Mr. Yan also obtained a Master Degree of Science in Economics from the University of London in the UK in September 1989.

Mr. Yan was previously a Director or Legal Representative or Responsible Person of the companies shown in the table below at the time of their respective dissolution:

Company	Place of incorporation/ establishment	Position	Date of dissolution	Means and reasons of dissolution
Apex Link Limited (高領有限公司)	Hong Kong	Director	21 February 2003	Striking off due to cessation of business
Global Elegant Development Limited (高雅發展有限公司)	Hong Kong	Director	6 March 2015	Deregistration due to cessation of business
Kentwin Development Limited (堅昌發展有限公司)	Hong Kong	Director	22 September 2006	Deregistration due to cessation of business
Max Elegant International Limited (宏豐浩國際有限公司)	Hong Kong	Director	6 September 2002	Striking off due to cessation of business
Pacific Cross Trading Company Limited	Hong Kong	Director	3 February 2006	Striking off due to cessation of business
Top Wealth Property Limited (富益置業有限公司)	Hong Kong	Director	22 September 2006	Deregistration due to cessation of business
World Choice Development Limited (威昌發展有限公司)	Hong Kong	Director	4 July 2008	Deregistration due to cessation of business

Mr. Hooi Hing Lee ("Mr. Hooi"), aged 56, was appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee of the Company on 23 June 2018. He has over 30 years of experience in the finance industry. Mr. Hooi was employed by National Australia Bank Limited in a variety of roles in Australia and Hong Kong from January 1988 to June 2006 with his last position as the Head of Corporate Banking, North Asia. He also served as Chief Operating Officer in Cushman & Wakefield Capital Asia Limited from July 2006 to October 2008. For the period between 5 March 2008 to 6 October 2008, Mr. Hooi was a responsible officer for regulated activities Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of Cushman & Wakefield Capital Asia (HK) Limited. He also served as a Country Chief Risk Officer of Standard Chartered Bank (Taiwan) Limited from August 2010 to June 2013. In the year of 2013, Mr. Hooi founded a private investment company, pH Capital Limited, where he currently acts as the director.

Mr. Hooi is currently an Independent Non-Executive Director of Frontier Services Group Limited (Stock code: 00500). Mr. Hooi was appointed as the Lead Independent Non-Executive Director of Cityneon Holdings Limited, a company listed on the Mainboard of the Singapore Stock Exchange (Stock code: 5HJ), in August 2017 and which was privatised and delisted from Singapore Stock Exchange on 1 February 2019.

Mr. Hooi obtained his Bachelor of Commerce degree from the University of Western Australia in April 1990. He was admitted as a member of the Certified Practicing Accountants of Australia in July 1990 and a fellow of the Hong Kong Institute of Directors in March 2006.

Mr. Hooi was previously a Director or Legal Representative or Responsible Person of the companies shown in the table below at the time of their respective dissolution:

Company	Place of incorporation/ establishment	Position	Date of dissolution	Means and reasons of dissolution
Sino Express Investment Limited (中貫投資有限公司)	Hong Kong	Director	1 April 2010	Deregistration due to cessation of business
Crown Charm Investment Limited (冠倡投資有限公司)	Hong Kong	Director	24 July 2009	Deregistration due to cessation of business

Mr. Li Wei ("Mr. Li"), aged 41, was appointed as the Independent Non-Executive Director, a member of the Audit Committee of the Company on 25 January 2021. He graduated from Jiujiang University (九江學院) with a Diploma in Marketing. Mr. Li has over 13 years of marketing and business management experience. Mr. Li has been working as a General Manager of Xiamen Xinyuanhuan Advertising Co., Ltd.* (廈門鑫源洹廣告有限公司) (an advertising company); and Xiamen Orange Elephant Information Technology Co., Ltd.* (廈門橙象資訊科技有限公司) (an information technology company) where he is responsible for the operations, strategic planning and management of these companies. From March 2016 to October 2019, Mr. Li also worked as a General Manager of Fujian Xinbaocan Investment Co., Ltd.* (福建省鑫寶燦投資有限公司) (an investment consultancy company) where he was responsible for the provision of investment consultancy services and business management.

SENIOR MANAGEMENT

Ms. Lin Liyan ("Ms. Lin"), aged 53, is a Financial Controller of our Group. She joined our Group in August 2022 and is responsible for overseeing financial management of our Group. She obtained an undergraduate finance degree from the China Central Radio and TV University (中央廣播電視大學) in 2008. Ms. Lin is a China Certified Tax Agent (中國註冊税務師) and an accountant in China. She has accumulated more than 20 years of experience in accounting, financial management, auditing and tax audit from various accounting, audit and tax advisory firms in China, including Xiamen Bi'an Tax Accountants Co., Ltd.* (廈門畢安税務師事務所有限公司) and Xiamen DeDao Certified Public Accountants Partnership* (廈門德道會計師事務所合夥企業(普通合夥)).

* For identification purposes only

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be a transparent and responsible organization which is open and accountable to the shareholders of the Company. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for the shareholders of the Company. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return.

ADOPTION AND COMPLIANCE OF CORPORATE GOVERNANCE PRACTICES

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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. Except for code provision C.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 year ended 31 December 2022.

Code provision C.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.

BOARD OF DIRECTORS

As at 31 December 2022, the Board comprises six Directors, consisting of two executive Directors, namely Madam Maeck Can Yue and Mr. Wu Huizhang; and four independent non-executive Directors, namely Mr. Wang Shih-fang, Mr. Yan Chi Ming, Mr. Hooi Hing Lee and Mr. Li Wei.

Biographical information of the Directors and the details of the composition of the Board are set out below and in the Corporate Information, Directors and Senior Management Profile and Directors' Report respectively of this annual report.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms.

The Board monitors the development and financial performance and sets strategic directions of the Group's business.

Matters including material investment decisions, approving financial statements, declaration of dividend, are reserved to the Board. The management implements the Board's decisions, makes business proposals and reports to the Board on the overall performance of the Group. Daily operations and administration of the business are delegated to the executive Directors and the management of the Company.

The Board will make arrangements for holding at least four regular Board Meetings during each financial year.

At least 14 days' notice of a regular Board meeting is given to all Directors to provide them with an opportunity to attend and all Directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are dispatched to the Directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting.

The Chairperson conducts the proceedings of the Board at all Board meetings. She ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and that equal opportunities are given to the Directors to speak and express their views and share their concerns. All Directors have access to the company secretary of the Company (the "Company Secretary"), who is responsible for ensuring that the Board procedures are complied with and for advising the Board on compliance matters.

For the year ended 31 December 2022, 5 Board meetings were held. The respective attendances of the Directors at the above Board meetings are set out in the table below:

Name of Directors	Attendance Board Meetings
Executive Directors	
Madam Maeck Can Yue	5/5
Mr. Wu Huizhang	5/5
Independent Non-executive Directors	
Mr. Wang Shih-fang	5/5
Mr. Yan Chi Ming	5/5
Mr. Hooi Hing Lee	5/5
Mr. Li Wei	5/5

For the year ended 31 December 2022, 2 general meetings were held. The respective attendances of the Directors at the above Board meetings are set out in the table below:

Name of Directors	Attendance General Meeting
Executive Directors	
Madam Maeck Can Yue	2/2
Mr. Wu Huizhang	2/2
Independent Non-executive Directors	
Mr. Wang Shih-fang	2/2
Mr. Yan Chi Ming	2/2
Mr. Hooi Hing Lee	2/2
Mr. Li Wei	2/2

The Company has received confirmations of independence from all independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. All of them meet the independence criteria set out in Rule 3.13 of the Listing Rules. Thus, the Board considers that they are independent.

The Company has also received confirmations from all Directors that they have given sufficient time and attention to the affairs of the Company for the Reporting Period. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved. Also, there is no financial, business, family or other material or relevant relationship between Board members.

DIRECTORS' TRAINING

For the year ended 31 December 2022, the Directors participated in the following continuous professional development:

Name of Directors	Training organized by professional organization	Reading materials updating on new rules and regulations
Executive Directors		
Madam Maeck Can Yue	✓	✓
Mr. Wu Huizhang	✓	✓
Independent Non-executive Directors		
Mr. Wang Shih-fang	✓	✓
Mr. Yan Chi Ming	✓	✓
Mr. Hooi Hing Lee	✓	✓
Mr. Li Wei	✓	✓

Note: The Company received from each of the Directors the confirmations on taking continuous professional training.

NON-EXECUTIVE DIRECTORS

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 agreement with the Company pursuant to which each of them is appointed for service with the Company for a term of one year commencing on 24 June 2022. One of the independent non-executive Directors, namely Mr. Li Wei has entered into a service agreement with the Company pursuant to which he is appointed for service with the Company for a term of one year commencing on 25 January 2023. Their terms of appointment shall be subject to the rotational retirement provision of the articles of association of the Company.

BOARD COMMITTEES

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated by the Board to various Board committees, which review and make recommendations to the Board on specific areas. The Board has established a total of three Board committees, and details of which are set out below.

Each committee consists of Directors and has its terms of reference. The terms of reference of the Board committees setting out their roles and the authority delegated to them by the Board have been posted on the designated website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.mijiholdings.com.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management over the financial reporting system and internal control systems of the Group. The Audit Committee comprises Mr. Hooi Hing Lee (Chairperson), Mr. Wang Shih-fang, Mr. Yan Chi Ming and Mr. Li Wei all of whom are independent non-executive Directors. The Audit Committee has reviewed and discussed the annual report of the Group for the year ended 31 December 2022.

For the year ended 31 December 2022, the Audit Committee had held two physical meetings. The respective attendances of the members of audit committee are presented as follows:

Members	Attendance
Mr. Hooi Hing Lee *(Chairperson)*	2/2
Mr. Wang Shih-fang	2/2
Mr. Yan Chi Ming	2/2
Mr. Li Wei	2/2

For the year ended 31 December 2022, the Audit Committee had performed the following duties:

– reviewed and commented on the interim results and report of the Group for the six months ended 30 June 2022;

– reviewed and commented on the annual results and report of the Group for the year ended 31 December 2022;

– reviewed the financial matters of the Group, the effectiveness of the Group's risk management and internal control systems;

– reviewed the independent internal control reviewer's findings and recommendations;

– reviewed and recommended the reappointment of the external auditor; and

– reviewed the arrangement for employees of the Group to raise concerns about possible impropriety in financial reporting, internal control and other matters.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors.

A member of the Nomination Committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution where he or any of his associates has any material interest, including the recommendation on nomination for appointment of such person as a Director. The Nomination Committee comprises the executive Director, Madam Maeck Can Yue (Chairperson) and the independent non-executive Directors, Mr. Wang Shih-fang and Mr. Hooi Hing Lee.

The Nomination Committee will make arrangements for holding at least one meeting during each financial year. For the year ended 31 December 2022, the Nomination Committee has held one meeting. The respective attendances of the members of nomination committee are presented as follows:

Members	**Attendance**
Madam Maeck Can Yue *(Chairperson)*	1/1
Mr. Wang Shih-fang	1/1
Mr. Hooi Hing Lee	1/1

For the year ended 31 December 2022, the Nomination Committee had performed the following duties:

– reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and the board diversity policy, and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

– assessed the independence of independent non-executive Directors; and

– reviewed and made recommendation to the Board on re-election of retiring Directors.

NOMINATION POLICY

The Board has adopted the nomination policy (the "Nomination Policy") on 24 August 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

CORPORATE GOVERNANCE FUNCTION

The Board is entrusted with the overall responsibility of developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance practices within the Group in light of the evolving operating environment and regularity requirements.

The Board has undertaken the day-to-day responsibility for all corporate governance function of the Group. All members of the Board are responsible for performing the corporate governance duties set out in the written terms of reference adopted by the Board on 24 June 2018 and are as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendation to the Board;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

5. to review the Company's compliance with the CG code and disclosure in the Corporate Governance Report.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Group. In preparing the consolidated financial statements for the Reporting Period, the Directors have:

– based on a going concern basis;

– selected suitable accounting policies and applied them consistently; and

– made judgements and estimates that were prudent, fair and reasonable.

The report of the auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report from pages 62 to 67 of this report.

COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, Ms. Ho Wing Yan ("Ms. Ho"), who was appointed as the Company Secretary. Ms. Lin Liyan, the financial controller of the Company is the primary corporate contact person of the Company with Ms. Ho.

Being the Company Secretary, Ms. Ho plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed. Ms. Ho is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors. During the Reporting Period, the Company Secretary has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct governing securities transactions by the Directors.

Specific enquiry has been made to all Directors and all Directors have confirmed that they had fully complied with the required standard set out in the Model Code for the year ended 31 December 2022.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than those in the Model Code.

No incident of non-compliance with these guidelines by the relevant employees was noted by the Company for the year ended 31 December 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board emphasizes on the importance of risk management and internal controls on the Group's business operations and development and acknowledges its overall responsibility for the risk management and internal control systems and the review of their effectiveness.

The Board evaluates and determines the nature and extent of risks it is willing to accept, while achieving the Group's strategic business objectives. The Board also ensures implementation and maintenance of effective risk management and internal control systems; and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has delegated the responsibility to physically implement and maintain the risk management and internal control systems to the management of the Company. The management, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control system, which aims to manage and reduce (i) risks associated with the Group's daily operations; (ii) risks of failing to achieve business objectives; (iii) risks of asset misappropriation; and (iv) risks of making potential material misstatements or losses. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses.

The Group does not have an internal audit function. Taking into account the size, nature and complexity of the Group's business, the Board have sufficient capacity to oversee the design and implementation of the risk management and internal control system and to assess its effectiveness, and accordingly there is no immediate need to set up an internal audit function within the Group.

The process to identify, evaluate and manage risks are carried out on a regular and on-going basis. These processes are summarised as follows:

Risk identification

- Identify risks that may potentially affect the Group's business and operations.

Risk assessment

- Assess the impact and consequence of the identified risks on the business and the likelihood of their occurrence.

Response to findings of risk assessment

- Prioritise the risks by comparing the results of the risk assessment; and
- Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk monitoring and reporting

- Perform ongoing and regular monitoring of the risk and ensure that appropriate internal control processes are in place;
- Enhance the risk management strategies and internal control processes in case of any significant change of situation; and
- Report the results and effectiveness of risk management and internal control to the Board regularly.

In relation to the handling and dissemination of inside information, the Group has implemented in information disclosure policy to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy is summarised as follows:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

During the Reporting Period, the Group engaged an independent consulting firm to review the effectiveness of its risk management and internal control system. The scope of review was determined by the Board. The independent consulting firm submitted a report of findings and areas for improvement to the management. The management presented these findings and areas for improvements to the Board and Audit Committee. Having considered (i) the existence of the risk management and internal control system; (ii) the findings of the independent consulting firm; and (iii) the management will take into account the areas for improvement suggested by the independent consulting firm and further enhance the risk management and internal control system, the Board and Audit Committee were of the view that the Group had no material internal control deficiencies and its risk management and internal control systems were effective and adequate.

AUDITOR'S REMUNERATION

The remunerations in respect of services fees for audit services provided by the Company's auditors for the year ended 31 December 2022 are as follows and also included in Note 8 to the consolidated financial statements.

	RMB'000
Audit services	1,091
Non-audit services	–

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining effective communication with the shareholders of the Company. The Company establishes various communication tools to ensure the shareholders of the Company are kept well informed of timely information of the Company. These include the annual general meeting, extraordinary general meetings, the annual and interim reports, announcements, circulars and notices. Such documents are accessible on the Company's website at www.mijiholdings.com.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "Board Diversity Policy") on 25 February 2022.

Below is the summary of the Board Diversity Policy:

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria.

Selection of candidates will be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy.

In respect of the gender diversity of the Board, as at the date of the Annual Report, one of the six Directors of the Company is female, representing 17% of the Board. The Company has achieved on a diverse Board during the period and will continue implementing the board gender diversity policy in the future to enhance the overall performance of the Board and the effectiveness of decision-making. It is expected that the ratio of female Directors will remain at 17% in the following years. The Company will continue its nomination policy to select suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

Moreover, the current gender ratio of the company workforce (including senior management) is 37 males per 100 females, as compared with 52 males per 100 females as of last year. Hence, the Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. Men's and women's different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labor and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competences in the future.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the CG Code.

The Remuneration Committee makes recommendations on the remuneration package of Directors and senior management of the Group.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. A member of the Remuneration Committee shall abstain from voting in respect of the resolution regarding the remuneration payable to him. The Remuneration Committee comprises Mr. Yan Chi Ming (Chairperson), Mr. Wang Shih-fang and Mr. Hooi Hing Lee, all of whom are independent non-executive Directors.

The Remuneration Committee will make arrangements for holding at least one meeting during each financial year. For the year ended 31 December 2022, the Remuneration Committee has held one meeting. The respective attendances of the members of remuneration committee are presented as follows:

Members	**Attendance**
Mr. Yan Chi Ming *(Chairperson)*	1/1
Mr. Wang Shih-fang	1/1
Mr. Hooi Hing Lee	1/1

For the year ended 31 December 2022, the Remuneration Committee had performed the following duties:

– reviewed and made recommendation on policy and structure for Directors' and senior management's remuneration;

– reviewed and approved the management's remuneration proposals with reference to the corporate goals and objectives of the Board; and

– reviewed and determined on the remuneration packages of individual executive Directors and senior management.

For the year ended 31 December 2022, the annual salary of the senior management (exclude Directors) of the Company falls within the following bands.

Remuneration bands	**Number of senior management**
Nil to RMB250,000	1
RMB250,001 to RMB500,000	–

SHAREHOLDERS' RIGHTS

(a) Procedures for convening of an extraordinary general meeting and putting forward proposals at shareholders' meeting

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to the articles of association of the Company, one or more shareholders who hold in aggregate not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to the articles of association of the Company, an annual general meeting of the Company and an extraordinary general meeting of the Company called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting of the Company shall be called by not less than 14 days' notice in writing. Pursuant to the CG Code, written notice of an annual general meeting of the Company and written notice of an extraordinary general meeting of the Company shall be sent by the Company to all Shareholders at least 20 clear business days and 10 clear business days respectively before the meeting. Business day under the Listing Rules means any day on which the Stock Exchange is open for business of dealing in securities.

(b) Procedures for members to propose a person for election as a director of the Company

The procedures for the shareholders of the Company to propose a person for election as a director of the Company are available and accessible on the Company's website at www.mijiholdings.com.

(c) Procedures for directing enquires to the Company

To direct enquiries to the Board, the shareholders of the Company should submit his/her/its enquires in writing with contact details (including, your registered name, address and telephone number, etc.) to the Company Secretary at the following:

By post to the principal place of business in Hong Kong at Suite 2703, 27/F., Shui On Centre, No. 6–8 Harbour Road, Wan Chai, Hong Kong.
Fax: (852) 2802 0331

(d) Matters relating to share registration

For share registration related matters, such as share transfer and registration, change of name and address of shareholders of the Company, loss of share certificates or dividend warrants, the shareholders of the Company can contact the Hong Kong branch share registrar and transfer office at the following:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road,
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

SHAREHOLDERS' COMMUNICATION POLICY

Purpose

The Company recognises the importance of providing current and relevant information to its shareholders (the "Shareholders"). This shareholders' communication policy (the "Policy") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

General Policy

The board of directors of the Company (the "Board") shall maintain an on-going dialogue with Shareholders and will regularly review the Policy to ensure its effectiveness.

Information is communicated to the Shareholders as well as the stakeholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited ("HKEx") and other corporate publications on the HKEx's website and corporate communications on the HKEx website (www.hkex.com.hk) and the Company's website (http://www.mijiholdings.com).

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Suite 2703, 27/F, Shui On Centre, No. 6–8 Harbour Road, Wan Chai, Hong Kong, or by email to qho@bmintelligence.com or through the Company's share registrar, Tricor Investor Services Limited.

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the HKEx website immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed that the implementation and effectiveness of the shareholders' communication policy has been conducted for the year ended 31 December 2022.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 24 August 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

CONSTITUTIONAL DOCUMENTS

The Company has published its amended and restated memorandum and articles of association on the designated website of the Stock Exchange and the Company's website. During the Reporting Period, there was no alteration on the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Miji International Holdings Limited and its subsidiaries (collectively the "Group") presents the Environmental, Social and Governance ("ESG") report. This ESG report is intended to enhance the confidence and understanding of the stakeholders towards the Group by sharing information on the Group's business activities, ESG governance, strategies performances and ongoing commitment towards sustainable development.

ABOUT THE GROUP

The Group is engaged in the manufacturing and trading of kitchen appliances and over 90% of its revenue derived from the PRC market.

REPORTING PERIOD

This ESG report highlights the Group's ESG performance from 1 January 2022 to 31 December 2022.

REPORTING STANDARD

This ESG report was prepared with reference to the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as described in Appendix 27 of the Listing Rules and Guidance set out by the Stock Exchange. An assessment on the applicability and materiality of the relevant key performance indicators under the ESG Reporting Guide had been conducted.

REPORTING PRINCIPLES

The reporting principles of this ESG report emphasise the following areas:

- Materiality: The threshold at which the ESG issues become sufficiently important to investors and other stakeholders is the core content of this ESG report.

- Measurability: The key performance indicators used to assess the effectiveness of ESG policies.

- Consistency: Information in this ESG report is consistently presented. If there are any changes in methods or key performance indicators used or other factors affecting a meaningful comparison, these changes will be disclosed in this ESG report.

- Balance: The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

REPORTING SCOPE

The Group applied the principle of materiality to determine the scope of this ESG report. The scope of this ESG report covers the Group's business and all entities in the PRC. The Group's operations outside the PRC were not included in the scope as they do not have significant environmental and social impacts.

ESG GOVERNANCE

The Group strictly follows its established ESG policies, commitments, strategies and objectives in order to ensure a sustainable business development. The structure of ESG governance mainly comprised of two components, namely the board of directors (the "Board") and the management team.

The Board holds the overall responsibility for the Group's ESG strategy and reporting by overseeing the overall governance and progress of the Group's ESG management system, policies, commitments, strategies and objectives.

Management of the Group is responsible for the collection and analysis of ESG data, implementation of appropriate strategies to improve the Group's ESG performance, assessment of whether current ESG policies and improvement measures are effective, compliance with relevant ESG laws and regulations and the reporting of major issues to the Board. To assess the effectiveness of the Group's ESG policies, management sets key performance indicators and compares the indicators of current year with those of prior year. Based on the results of this comparison, ESG reports and the feedback from stakeholders, the Board reviews the progress made by the Group against its ESG-related goals and targets. The relevance of ESG-related goals and targets to the Group's business operations are determined by regular communications with stakeholders.

The data and information in this ESG report are sourced from the relevant documents, reports, statistical data, management and operation information collected by the Group. Information relating to the Group's corporate governance structure and practices has been set out in the section headed "Corporate Governance Report" of this annual report.

ESG STRATEGIES

Key ESG strategies adopted by the Group are set out below:

- Identify material and relevant ESG issues through regular communications with stakeholders
- Perform materiality assessment on the identified ESG issues by considering their potential impact on the environment, society as well as the business operations, financial performance and stakeholders of the Group
- Prioritise the identified ESG issues and design effective strategies to mitigate these issues
- Review the effectiveness of ESG strategies on an annual basis

STAKEHOLDER ENGAGEMENT

The Group values the contributions from its stakeholders as they can bring potential impacts to the Group's business. The Group maintains regular communications with its stakeholders to collect their views on the ESG aspects that they regard as relevant and important. Its key stakeholders include governments and regulatory bodies, shareholders, employees, customers, suppliers and the public society. The Group maintains an open and transparent dialogue with its stakeholders through various channels including meetings, trade exhibitions, surveys, seminars and workshops.

The following table summarises the main expectations and concerns of the key stakeholders identified by the Group, and the corresponding management responses.

Stakeholders	Expectations	Management responses/ Communication channels
Governments and regulatory bodies	• Compliance with laws and regulations • Tax payment in accordance with laws	• Compliance operation • Tax payment in full and on time
Shareholders	• Financial results • Corporate transparency • Sound risk control	• To improve profitability • Regular information disclosure • To optimise risk management and internal control
Employees	• Career development platform • Salary and benefits • Safe working environment	• Promotion mechanism • Competitive salary and employee benefits • To provide trainings for employees and strengthen their safety awareness
Customers	• Logistics and delivery service standards • Customer information security • Customer rights and interests protection	• To get delivery status through product tracking system • Customer privacy protection • Compliance marketing
Suppliers	• Integrity cooperation • Business ethics and credibility	• To build a responsible supply chain • To perform the contract according to law
Society and the public	• Environmental protection • Employment opportunities	• To reduce environmental pollutions • To provide equal employment opportunities

MATERIALITY ASSESSMENT

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the Group's business operations, the Group identified the following environmental, social and operating issues that are material and relevant to the Group's business operations during the year ended 31 December 2022. If the Group does not implement effective strategies to monitor and solve these issues, these issues may affect the Group's financial condition or operating performance. Further, the Group made a materiality assessment on these environmental, social and operating issues by conducting interviews with its stakeholders.

Environmental issues	Social issues	Operating issues
1. Greenhouse gas emissions	8. Local community engagement	15. Economic value generated
2. Energy consumption	9. Community investment	16. Corporate governance
3. Water consumption	10. Occupational health and safety	17. Anti-corruption
4. Waste	11. Labour standards in supply chain	18. Supply chain management
5. Saving energy measures	12. Training and development	19. Customer satisfaction
6. Use of raw materials and packaging materials	13. Employee welfare	20. Customer privacy
7. Compliance with laws and regulations relating to environmental protection	14. Inclusion and equal opportunities	

The Group prioritised the above-mentioned environmental, social and operating issues in terms of their importance to the Group's stakeholders and business operations.

Importance to the Group's stakeholders and business operations	ESG risks
High	1, 2, 5, 6, 7, 10, 14, 15, 16, 17, 18, 19, 20
Medium	3, 4, 11, 12, 13
Low	8, 9

Based on the results of the Group's materiality assessment, the Group would formulate and implement appropriate strategies to monitor and solve the identified issues and to achieve sustainable business development.

CONFIRMATION AND APPROVAL

The Group endeavours to ensure that all the information presented in this ESG report is accurate and reliable. This ESG report had undergone the internal review process of the Group and was reviewed by the Board.

During the year ended 31 December 2022, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and the contents of this ESG report comply with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of this ESG report or the Group's performances in sustainable development by mailing to West Building No. 2, 3585 Sanlu Road, Pujiang Industrial Zone, Caohejing Hi-tech Park, Shanghai, China.

A. ENVIRONMENT

The Group acknowledges its responsibility to protect the environment and it has implemented policies to reduce emissions and improve the efficiency in the use of resources.

The Group's operations are subject to certain environmental requirements pursuant to the laws in the PRC such as the Environmental Protection Law of the PRC, the Prevention and Control of Solid Waste Pollution Law of the PRC, the Law on Prevention and Control of Water Pollution of the PRC and the Law on Prevention and Control of Atmospheric Pollution.

During the year ended 31 December 2022, the Group did not record any material non-compliance with applicable environmental requirements that resulted in prosecution, penalty, administrative fine or sanction being imposed against the Group.

A.1 Emissions

In order to comply with the applicable environmental protection laws, the Group has implemented environmental protection policies, reducing air and water pollution and electricity consumption. During the year ended 31 December 2022, sources of the Group's emissions mainly included consumption of petrol, electricity, paper and water and business trips.

(i) Air pollutant emissions

During the year ended 31 December 2022, air pollutant emissions were mainly related to petrol consumption for the use of the Group's self-owned vehicles, which contributed to the emission of 55.40 kg (2021: 492.90 kg) of nitrogen oxides (NOx), 0.07 kg (2021: 0.61 kg) of sulphur oxides (SOx) and 5.31 kg (2021: 47.23 kg) of respiratory suspended particles (PM).

Air pollutant emissions reduction target

To better manage the Group's ESG performance, the Group decides to set quantifiable targets for air pollutant emissions as follows:

Environmental indicators	Reduction target	Baseline year	Status
NOx emission intensity	Reduce 5% by Year 2027	Year 2022	In progress
SOx emission intensity	Reduce 5% by Year 2027	Year 2022	In progress
PM emission intensity	Reduce 5% by Year 2027	Year 2022	In progress

(ii) Greenhouse gas emissions

Scope of greenhouse gas emissions	For the year ended 31 December 2022 Emission (in tCO_2e)	Percentage to total emission	For the year ended 31 December 2021 Emission (in tCO_2e)	Percentage to total emission
Scope 1 Direct emission				
Combustion of petrol for mobile vehicles	**10.9**	**6.6%**	97.3	35.5%
Scope 2 Indirect emission				
Purchased electricity	**144.4**	**87.2%**	149.7	54.7%
Scope 3 Other indirect emission				
Paper waste disposal	**0.1**	**6.2%**	0.1	9.8%
Water consumption	**0.8**		1.3	
Business air travel	**9.4**		25.5	
Total	**165.6**	**100.0%**	273.9	100.0%

Notes:

1) Emission factors were made by reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.

2) Combined margin emission factor of 0.7921 tCO_2/MWh was used for purchased electricity in Eastern China for the year ended 31 December 2022.

3) The above emission data does not include the removal of CO_2 contributed by recycling of paper.

During the year ended 31 December 2022, the Group's activities contributed to 165.6 tonnes (2021: 273.9 tonnes) of carbon dioxide equivalent (carbon dioxide, methane, nitrous oxide and hydrofluorocarbons) emission and the relevant intensity is 0.02 tCO_2/m^2 (2021: 0.03 tCO_2/m^2). Details of the Group's measures to reduce the consumption of resources and the related emissions are set out below. As a result of these measures, the employees' awareness of reducing the consumption of resources and the related emissions has been increased. Same as the previous two years, the Group did not receive any complaints or warnings on greenhouse gas emissions during the year ended 31 December 2022.

Greenhouse gas emissions reduction target

To better manage the Group's ESG performance, the Group decides to set quantifiable targets for greenhouse gas emissions as follows:

Environmental indicators	Reduction target	Baseline year	Status
Greenhouse gas emissions	Reduce 5% by Year 2027	Year 2022	In progress

Petrol consumption

During the year ended 31 December 2022, the Group's motor vehicles travelled approximately 62,578 km (2021: 556,951 km), which consumed a total of 4,631 litres of petrol or 26.8 litres of petrol per employee (2021: a total of 41,214 litres of petrol or 166.2 litres of petrol per employee) and contributed to 10.9 tonnes (2021: 97.3 tonnes) of carbon dioxide equivalent emissions. To reduce the emissions arising from petrol consumption, the Group encourages its employees to use public transport when they attend business activities. For business activities that take place within walking distance, the Group encourages its employees to walk or cycle to the destination.

Electricity consumption

During the year ended 31 December 2022, the Group consumed a total of 182,237 kWh of electricity or 1,053.4 kWh of electricity per employee (2021: a total of 188,996 kWh of electricity or 762.1 kWh of electricity per employee) in connection with its daily business operations, which contributed to 144.4 tonnes (2021: 149.7 tonnes) of carbon dioxide equivalent emissions. To reduce the emissions arising from electricity consumption, the Group encourages its employees to switch off the lights and other electricity appliances when they leave the office and production premises.

Paper consumption

During the year ended 31 December 2022, the Group consumed a total of 0.1 tonnes of paper or 0.0006 tonnes of paper per employee (2021: a total of 0.1 tonnes of paper or 0.0004 tonnes of paper per employee) in connection with its daily business operations, which contributed to 0.1 tonnes (2021: 0.1 tonnes) of carbon dioxide equivalent emissions. To reduce the emissions arising from paper usage, the Group encourages its employees to conserve paper, review documents on computers, send messages to customers via emails, use recycled paper and adopt double-sided printing.

Water consumption

During the year ended 31 December 2022, the Group consumed a total of 0.8 tonnes of water or 0.005 tonnes of water per employee (2021: a total of 1.5 tonnes of water or 0.006 tonnes of water per employee) in connection with its daily business operations, which contributed to 0.8 tonnes (2021: 1.3 tonnes) of carbon dioxide equivalent emissions. To reduce the emissions arising from water usage, the Group encourages its employees to conserve water and reminds them to turn off the water tap after use. As a result, the employees have increased their awareness to reduce water consumption. During the year ended 31 December 2022, the Group did not encounter any problems in sourcing water that is fit for purpose. Further, the Group did not consume a significant amount of water that was and disproportional to the scale of its business operations.

Business air travel

The Group's business nature requires employees to travel by air to other countries for meetings with customers and suppliers. They would only travel by air when necessary and the Group keeps track of their business air travels. During the year ended 31 December 2022, business air travels of the Group's employees had contributed a total of 9.4 tonnes (2021: 25.5 tonnes) of carbon dioxide equivalent emission and the increase was primarily attributed to the participation in more marketing events. The frequency of business air travels is directly correlated to the Group's business activities.

(iii) Hazardous waste

During the year ended 31 December 2022, the Group generated minimal amount of hazardous waste. The major hazardous waste generated by the Group was waste light tube. To minimise the impact on environment, the Group has engaged a qualified waste collector to handle and collect the hazardous waste produced. The Group will strive to reduce generation of hazardous waste through upgrading technologies whenever possible. Same as the previous two years, the Group did not receive any complaints or warnings on disposal of its hazardous waste during the year ended 31 December 2022, and targets to achieve the same performance in 2023.

(iv) Non-hazardous waste

During the year ended 31 December 2022, the Group generated a total of 20 tonnes (2021: 20 tonnes) of non-hazardous waste and the relevant intensity was 0.12 tonnes (2021: 0.081 tonnes) per employee. The major non-hazardous waste generated by the Group were packaging materials generated from the production process and domestic waste generated in staff quarters and offices. Most of the non-hazardous waste are recycled or sold to recycling company. The Group regularly reminds its employees to use resources efficiently and try to avoid the generation of waste. As a result, the employees' awareness of waste management has been increased. Same as the previous two years, the Group did not receive any complaints or warnings on disposal of its non-hazardous waste during the year ended 31 December 2022, and targets to achieve the same performance in 2023.

A.2 Use of resources

Reducing consumption of resources and enhancing utilisation efficiency are the Group's principles in minimising adverse impact on the environment and natural resources that may be caused by its business operations. The Group has adopted a set of guidelines to achieve efficient use of energy, water and other resources for long-term sustainability.

The Group's total consumption of electricity, water and packaging materials during the year ended 31 December 2022 together with the relevant conservation measures adopted by the Group are detailed in the section headed "A.1 Emissions" above.

A.3 The environment and natural resources

During the year ended 31 December 2022, the Group's business activities did not cause significant adverse impact on the environment and natural resources. To further improve the use of resources, the Group takes the following actions on an ongoing basis:

- keep track of its consumption level of resources;
- review the effectiveness of its conservation measures; and
- design improvement measures

As a result, the Group's employees are more aware of the importance of using resources efficiently.

A.4 Climate change

The Group manages the climate change risk with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which are structured around four core elements: Governance, Strategy, Risk Management and Metrics and Targets. The Board overseas the governance and reporting of the Group's climate change risk. Management of the Group regularly monitors and identifies climate change risk that is relevant to the Group's business operations. Strategies will be implemented on a timely manner to mitigate such risk.

During the year ended 31 December 2022, the Group identified the following climate-related risks that may have material impacts on the Group's business operations:

Physical risks

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt the Group's operations by damaging the power grid, and communication infrastructures, and injuring its employees during their work, leading to reduced capacity and decreased in productivity, or expose the Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions.

Transition risks

The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. We acknowledge the requirements to enhance the climate-related information disclosures as a result of the recent update of the ESG Reporting Guide in respect to significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also be adversely affected by the failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs may increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the Board where necessary to avoid cost increments, penalties for non-compliance and/or reputational risks due to delayed response.

B. SOCIAL

B.1 Employment and labour practices

(i) Employment

Total employees

The Group had a total number of 173 full-time employees as at 31 December 2022 (31 December 2021: 248), of which 167 (31 December 2021: 239) were located in China, nil (31 December 2021: one) was located in Hong Kong and six (31 December 2021: eight) were located in Germany. During the year ended 31 December 2022, the Group adjusted the number of employees that was suitable for its business needs.

Set forth below is the Group's employee turnover rate by gender, age group and geographical region:

Category	**For the year ended 31 December 2022**	For the year ended 31 December 2021
By gender		
Male	**47.6%**	1.3%
Female	**23.9%**	4.3%
By age group		
30 or below	**42.1%**	–
31-40	**42.9%**	6.1%
41-50	**23.4%**	–
51 or above	**16.1%**	9.2%
By geographical region		
China	**30.1%**	3.5%
Hong Kong	**100.0%**	–
Germany	**25.0%**	–

Set forth below are the distribution of the Group's employees by gender and age group:

Category	As at 31 December 2022 Number of employees	Percentage	As at 31 December 2021 Number of employees	Percentage
By gender				
Male	**47**	**27.2%**	85	34.3%
Female	**126**	**72.8%**	163	65.7%
By age group				
30 or below	**24**	**13.9%**	38	15.3%
31-40	**48**	**27.7%**	85	34.3%
41-50	**75**	**43.4%**	94	37.9%
51 or above	**26**	**15.0%**	31	12.5%

Employee benefits and welfare

The Group enters into employment contracts with its employees and the employment contract terms were stipulated under the principles of fairness, voluntarism, mutual consent, integrity and credibility. The remuneration package offered to employees includes salary, bonuses and other subsidies. In general, the remuneration package is based on each employee's qualifications, position, seniority and work performance. The Group carries out an annual review system to assess the performance of its employees, which forms the basis of decisions with respect to salary raises, bonuses and promotions.

During the year ended 31 December 2022, the Group maintains social insurance for its employees pursuant to the applicable PRC laws and regulations by making contributions to the mandatory social insurance and housing provident funds which provide basic retirement, medical, work-related injury, maternity and unemployment benefits.

During the year ended 31 December 2022, the Group complies with the Labour Law of the PRC and did not experience any significant disputes with its employees or any disruption to business operations due to labour disputes. In addition, the Group did not experience any difficulties in the recruitment and retention of experienced core staff or skilled personnel.

Labour standards

During the year ended 31 December 2022, there was no child labour nor forced labour working in the Group. The job application requirement specifies that job applicants must be at least 18 years old. To ensure that job applicants can meet the age requirement, identities of job applicants are verified against their valid identity documents, relevant permits and certificates.

The human resources department is required to carry out background checks to authenticate information provided by job applicants and is required to fill in forms that confirm hired employees have met the age requirement. If child labour or forced labour is discovered, such matter will be reported to the human resources department and senior management. The Group will enhance the relevant internal controls to eliminate such matter. No material non-compliance in relation to laws and regulations regarding prevention of child and forced labour was recorded during the year ended 31 December 2022.

Equal opportunity

The Group provides equal opportunities for employees in respect of recruitment, job advancement, training and development, etc. Employees are not discriminated against or deprived of such opportunities on the basis of race, nationality, religion, physical condition, disability, gender, pregnancy, sexual orientation, political status, age and any other discrimination prohibited by applicable law. Employees shall not act in discriminatory manner or they can be subject to disciplinary actions.

(ii) Employee relations

The Directors consider that it is important to maintain good relationship with employees. The Group maintains regular communications with its employees by arranging gatherings, celebration activities and trainings. Through these activities, the Group would collect feedback from its employees on job satisfactions and their expectations on the Group and would implement appropriate strategies to improve the work environment and its relationship with the employees.

(iii) Employee health and safety

The Group places emphasis on occupational health and work safety. It provides a safe working environment and training sessions for its employees to ensure that they can work safely. It has also implemented a system of recording and handling accidents. Further, the Group also has dedicated personnel responsible for administering the internal work safety policies, providing relevant training and education, and conducting regular inspections. During the year ended 31 December 2022, the Group had a minor work injury where an employee accidentally fell off his chair during work. The Group had enhanced its internal work safety policy to increase the employees' awareness of work safety. Other than the aforesaid incident, the Group had not experienced any material safety accidents or been penalised for any non-compliance relating to work safety laws and regulations during the year ended 31 December 2022.

Occupational health and safety data for the three years ended 31 December 2022	
Work related fatality	–
Work injury cases >3 days	1
Work injury cases <=3 days	–
Lost days due to work injury	90

(iv) Development and training

The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which were identified annually by individual departments:

a. Orientation training – To familiarise employees with the Group's objectives, culture, rules and regulations, safety and product-related knowledge on the first day of work;

b. Pre-job training – To familiarise new employees or transferred employees with their new duties;

c. On-the-job training – To ensure that the employees are familiar with the Group's products, to sharpen the sales technique and customer service standard of sales and marketing personnel and to ensure the production and quality control personnel perform proper quality control procedures.

Set forth below is the number and percentage of training hours completed by the Group's employees by gender and employee category:

	For the year ended 31 December 2022			
Employee category	**Male Training hours**	**Female Training hours**	**Total Training hours**	**% of training hours by employee category**
Senior management	**85**	**244**	**329**	**5.7%**
Middle management	**743**	**438**	**1,181**	**20.1%**
Other employees	**1,112**	**3,247**	**4,359**	**74.2%**
Total	**1,940**	**3,929**	**5,869**	**100.0%**
% of training hours by gender	**33.1%**	**66.9%**	**100.0%**	

	For the year ended 31 December 2021			
Employee category	Male Training hours	Female Training hours	Total Training hours	% of training hours by employee category
Senior management	50	244	294	2.6%
Middle management	660	477	1,137	10.2%
Other employees	3,491	6,236	9,727	87.2%
Total	4,201	6,957	11,158	100.0%
% of training hours by gender	37.7%	62.3%	100.0%	

B.2 Operating practices

(i) Supply chain management

The Group purchases raw materials and equipment based on its own needs, specifications, quality and safety performance of equipment, reputation, after-sales service and delivery time of the supplier. The Group compares different suppliers to select qualified suppliers (based on their product specifications, product compliances, production management, quality management, environmental friendliness and also corporate social responsibility performances) before the Group enters into contract with the qualified suppliers.

When selecting equipment, the Group would also consider whether the equipment is energy efficient and environmental friendly. During the year ended 31 December 2022, all of the Group's 78 suppliers were situated in the PRC.

The Group expects its suppliers to uphold the ESG principles that the Group has adopted into the management of its business operations. In order to ensure that the components and raw materials meet the requisite safety and quality standards, the Group adopts stringent criteria in supplier selection (including but not limited to whether they provide high quality raw materials, whether they maintain a high standard on environmental protection and comply with relevant laws on environmental issues, whether price is comparable to market rate and location of their factories) and continuously monitors existing suppliers on an annual basis, based on criteria such as product quality, product defect ratio, delivery punctuality ratio and responsiveness.

Whether the supplier will continue to be included in the Group's list of approved suppliers depends on the marks it achieved under annual evaluation. The awareness of environmental protection is one of the key criteria for the Group to evaluate the suppliers.

(ii) Product responsibility

Product assurance and recall

Product quality is crucial to the Group's continued success. The Group places strong emphasis on achieving a consistently high quality for its products. To achieve such purpose, stringent quality control measures throughout the production process were implemented to ensure the quality and safety of our products. The Group's quality control department performs regular inspections to evaluate the effectiveness of the quality control measures and further enhance these measures when necessary.

As a result of stringent quality control procedures, the Group is accredited with the certification of "ISO 9001:2008 Quality Management System" and the Group did not experience any claims, litigations and arbitrations or material adverse findings in inspection by government authorities with respect to the quality of its products during the year ended 31 December 2022.

The Group generally does not allow product returns except for quality reasons and the unconditional return to the Group within seven days after sale in accordance with PRC customer protection laws.

During the year ended 31 December 2022, the Group did not experience any product recall, material non-compliance with laws and regulations in relation to product health and safety or receive any material complaints from consumers.

The Group has obtained the following product quality standard and control qualifications:

- the certificates for quality management system for compliance of the requirements of GB/T 19001-2016/ISO 9001:2015 for the scope of design, production and service of electronic stoves and induction stoves since 2006 and up to 5 July 2024
- the certificates for China Compulsory Product Certification issued by the China Quality Certification Centre for the Group's hobs and stoves
- the VDE standard mark granted by VDE Association for Electrical, Electronic and Information Technologies for the parts and components of the Group's hobs and stoves
- the CE mark required by the European Economic Area for some of the Group's hobs and stoves which will be exported to European countries

- the GS mark issued by an agency accredited by the German government for proving that the Group's products were tested and comply with the minimum requirements of the German Equipment and Product Safety Act.

Intellectual Property Rights and Information Security

The Group registered various trademarks for the Group itself and its products in the PRC, Germany and Hong Kong to foster its corporate image. The Group relies on the relevant laws and regulations to protect its brand names, trademarks and other intellectual property rights.

During the year ended 31 December 2022, the Group was not aware of any material infringement by the Group of any intellectual property rights owned by any third parties. Further, there were no pending or threatened material claims made against the Group with respect to the infringement of intellectual property rights owned by the Group.

(iii) Anti-corruption

According to the Group's anti-corruption policy, all employees shall abide by the laws and regulations of the PRC and shall not engage in any illegal activities. Employees shall uphold the code of ethics, advocate fair competition and act against bribery. Any bribery, fraud, money laundering and embezzlement are prohibited.

Employees must not accept or request any improper benefits including banquets, gifts, securities, valuables and high-expenditure entertainment activities from business partners, suppliers and merchants, etc. When there is any alleged case in violation of laws, regulations, code of conduct or Group's policies, the Group will investigate and impose disciplinary actions upon offenders after verification. Directors and employees received training from time to time to ensure that they comply and familiar with the anti-corruption guides, policies and procedures of the Group.

During the year ended 31 December 2022, the Group complied with all applicable laws on prohibiting corruption and bribery of the PRC and there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

Whistle-blowing mechanism

The Group has implemented whistle-blowing policy to provide a well-defined and accessible channel for reporting fraud, corruption, dishonest practices, or other similar matters and guidance on how an investigation would be initiated upon receiving a complaint. The guidelines also protect employees who report fraudulent activities in good faith and reasonable belief. A whistle-blowing officer is elected to ensure that any reported case is dealt with in an expedited manner. Upon receiving the complaint, the Board decides the method of investigation, which may involve appointing an external consultant for assessment. The Group will monitor and review the effectiveness of the whistle-blowing mechanism from time to time.

(iv) Data protection and privacy policy

The Group is committed to protecting the privacy of its customers, employees, business partners and suppliers by maintaining a safe and secure data environment. The Group has implemented appropriate policies to ensure that all personal and business data collected during the Group's business activities are organised and secured properly. Computers and servers are protected from access passwords, Employees are instructed of their responsibility to follow the confidentiality code on the access to information and to ensure the safekeeping of all personal, customer and business data, trade secrets and proprietary information. Employees are prohibited from disclosing the information to unauthorised parties.

B.3 Community investment

The Group acknowledges corporate social responsibility and allocates resources to satisfy the needs of the community. During the year ended 31 December 2022, the Group focused on environmental protection as well as cultural and sport promotion. The Group encouraged its employees to participate charitable events. Going forward, the Group will continue to focus on community needs and increase its investment in community.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: i) a disclosure of the board's oversight of ESG issues; ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG GOVERNANCE ESG STRATEGIES STAKEHOLDER ENGAGEMENT
Reporting Principles	A description of, or an explanation on, the application of the reporting principles in the preparation of the ESG Report.	REPORTING PRINCIPLES
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	REPORTING SCOPE

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A. ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	A.1 Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and intensity.	A.1 Emissions – (ii) Greenhouse gas emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	A.1 Emissions – (iii) Hazardous waste (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	A.1 Emissions – (iv) Non-hazardous waste
KPI A1.5	Description of reduction initiatives and results achieved.	A.1 Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A.1 Emissions – (iii) Hazardous waste A.1 Emissions – (iv) Non-hazardous waste
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A.2 Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	A.1 Emissions
KPI A2.2	Water consumption in total and intensity.	A.1 Emissions – (ii) Greenhouse gas emissions – Water consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A.1 Emissions

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A.1 Emissions – (ii) Greenhouse gas emissions – Water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	A.1 Emissions – (iv) Non-hazardous waste
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A.3 The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A.3 The environment and natural resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A.4 Climate change
KPI A4.1	Description of significant climate-related issues which have impacted and/or may impact the issuer and the actions taken to manage them.	A.4 Climate change
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B.1 Employment and labour practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	B.1 Employment and labour practices – (i) Employment – Total employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B.1 Employment and labour practices – (i) Employment – Total employees

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B.1 Employment and labour practices – (iii) Employee health and safety
KPI B2.1	Number and rate of work-related fatalities.	B.1 Employment and labour practices – (iii) Employee health and safety
KPI B2.2	Lost days due to work injury.	B.1 Employment and labour practices – (iii) Employee health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B.1 Employment and labour practices – (iii) Employee health and safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B.1 Employment and labour practices – (iv) Development and training
KPI B3.1	Percentage of employees trained by gender and employee category.	B.1 Employment and labour practices – (iv) Development and training
KPI B3.2	Average training hours completed by gender and employee category.	B.1 Employment and labour practices – (iv) Development and training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B.1 Employment and labour practices – (i) Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B.1 Employment and labour practices – (i) Employment

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B.1 Employment and labour practices – (i) Employment
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B.2 Operating practices – (i) Supply chain management
KPI B5.1	Geographical locations of major suppliers.	B.2 Operating practices – (i) Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers.	B.2 Operating practices – (i) Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B.2 Operating practices – (i) Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B.2 Operating practices – (i) Supply chain management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B.2 Operating practices – (ii) Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B.2 Operating practices – (ii) Product responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B.2 Operating practices – (ii) Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B.2 Operating practices – (ii) Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B.2 Operating practices – (ii) Product responsibility

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B.2 Operating practices – (iv) Data protection and privacy policy
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B.2 Operating practices – (iii) Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B.2 Operating practices – (iii) Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B.2 Operating practices – (iii) Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B.2 Operating practices – (iii) Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B.3 Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B.3 Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B.3 Community investment

The Directors of the Company are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are design, manufacturing and trading of premium kitchen appliances. Particulars of the principal activities of the Company's subsidiaries are set out in note 13 to the consolidated financial statements of the Group for the year ended 31 December 2022.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of comprehensive income on pages 68 to 69.

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2022.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group is set out on page 3 of the annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company for the year ended 31 December 2022 are set out in note 24 to the consolidated financial statements.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries for the year ended 31 December 2022.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in reserves of the Group and the Company during the Reporting Period and distributable reserves of the Company as at 31 December 2022 are set out in pages 72 in the consolidated statement of changes in equity and note 25 to the consolidated financial statements respectively.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the Reporting Period in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue attributable to the Group's five largest customers to the total revenue of the Group was 51.5% for the year ended 31 December 2022. The percentage of revenue attributable to the Group's largest customer to the total revenue of the Group was 25.0% for the year ended 31 December 2022.

The percentage of purchases attributable to the Group's five largest suppliers to the total purchases of the Group was 67.9% for the year ended 31 December 2022. The percentage of purchases attributable to the Group's largest supplier to the total purchases of the Group was 38.1% for the year ended 31 December 2022.

To the best of the Directors' knowledge, none of the Directors, their close associates or any shareholder who owns more than 5% of the Company's shares had an interest in any of the major customers or suppliers above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries, which are not contracts of service with any director of the company or any person engaged in the full-time employment of the company, were entered into or existed during the Reporting Period.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this report are as follows:

Executive Directors:

Madam Maeck Can Yue *(Chairperson and chief executive officer)*
Mr. Wu Huizhang

Independent Non-executive Directors:

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

In accordance with article 108(A) of the Company's articles of association, Mr. Wu Huizhang and Mr. Wang Shih-fang will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, 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 as set out in Appendix 10 to 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	397,700,000 (L)	26.51%
Mr. Wu Huizhang ("Mr. Wu") (Note 3)	Interest in a controlled corporation	375,000,000 (L)	25%
	Interest in a controlled corporation	375,000,000 (S) (Note 4)	25%

Notes:

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

2. The issued shares of Wide Big Investment Limited ("Wide Big") is wholly-owned by Madam Maeck. Accordingly, Madam Maeck is deemed to be interested in the 397,700,000 ordinary shares of the Company held by Wide Big by virtue of the SFO.

3. The issued shares of Seashore Global Enterprises Limited ("Seashore Global") is wholly-owned by Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the 375,000,000 ordinary shares of the Company held by Seashore Global by virtue of the SFO.

4. On 5 July 2022, the Company signed an agreement to pledge a total of 375,000,000 ordinary shares of the Company, which owned by Seashore Global to Kingston Finance Limited ("Kingston") as security for loan facilities provided to the Company.

Save as disclosed above, as at 31 December 2022 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 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 during the Reporting Period 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 31 December 2022, the following person (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	397,700,000 (L) 397,700,000 (S)	26.51% 26.51%
Mr. Ke Fusheng (Note 3)	Person having a security interest in shares	397,700,000 (L)	26.51%
Seashore Global (Note 4)	Beneficial owner Beneficial owner	375,000,000 (L) 375,000,000 (S)	25% 25%
Kingston (Note 5)	Person having a security interest in shares	375,000,000 (L)	25%
Ample Cheer Limited (Note 5)	Interest of corporation controlled by you	375,000,000 (L)	25%
Ms. Chu Yuet Wah (Note 5)	Interest of corporation controlled by you	375,000,000 (L)	25%

Notes:

1. The letter "L" denotes long position of the shares and the letter "s" denotes short position of the shares.
2. The issued shares of Wide Big is wholly-owned by Madam Maeck who is deemed to be interested in the shares held by Wide Big by virtue of the SFO.
3. On 25 January 2021, Madam Maeck signed an agreement to pledge a total of 397,700,000 ordinary shares of the Company to Mr. Ke Fusheng as security for loan facilities provided to Madam Maeck.
4. The issued shares of Seashore Global is wholly-owned by Mr. Wu who is deemed to be interested in the shares held by Seashore Global by virtue of the SFO.
5. On 5 July 2022, the Company signed an agreement to pledge a total of 375,000,000 ordinary shares of the Company, which owned by Seashore Global to Kingston as security for loan facilities provided to the Company.

Save as disclosed above, as at 31 December 2022, 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.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2022, none of the Directors or the substantial shareholders of the Company or any of their respective associates had any interest in any business which competes or may compete with the business of the Group.

None of the Directors or the substantial shareholders of the Company or any of their respective associates has engaged in or has any interest in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the Reporting Period and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no Director or his connected entity has or had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party subsisting during or at the end of the year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023 (both days inclusive), during which period no transfer of the shares will be effected. The holders of shares whose names appear on the register of members of the Company on Wednesday, 31 May 2023 will be entitled to attend and vote at the annual general meeting of the Company. In order to qualify for attending and voting at the annual general meeting of the Company or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Wednesday, 24 May 2023.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Laws of the Cayman Islands) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

EQUITY-LINKED AGREEMENTS

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 24 June 2018, which become effective on 16 July 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 ongoing 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.

The Board may, at its absolute discretion, grant options to any employee (full-time or part-time), Directors, consultant or adviser of the Group, or any distributor, contractor, supplier, agent or service provider of our Group (together, the "Participants" and each a "Participant").

The maximum number of shares, which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not in aggregate exceed 10% of the total number of shares in issue as at 16 July 2018, i.e. 150,000,000 shares.

Unless approved by shareholders of the Company in general meeting in the manner stipulated in the Listing Rules, the maximum entitlement for each Participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period shall not exceed 1% of the total number of shares in issue.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant under the Share Option Scheme. The vesting period for options shall not be less than 12 months. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant with 7 days inclusive of the day on which such offer was made.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (c) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date and the remaining life of the Share Option Scheme is 6 years.

There is no option outstanding, granted, exercised, cancelled and lapsed during the year ended 31 December 2022.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 150,000,000, representing approximately 10% of the issued shares of the Company.

Save as disclosed above, no equity-linked agreements were entered into during the Reporting Period or subsisted at the end of the Reporting Period.

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Group during the Reporting Period are set out in note 30 to the consolidated financial statements. For the year ended 31 December 2022, none of these related party transactions are connected transaction which are subject to the disclosure requirements of Chapter 14A of the Listing Rules in respect of such transactions.

CONNECTED TRANSACTIONS

For the year ended 31 December 2022, there was no transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float of not less than 25% of its shares in the hands of the public throughout the Reporting Period and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

(i) The Company was informed by Wide Big Investment Limited (the "Vendor"), the then substantial shareholder of the Company, that on 16 January 2023 (after trading hours), that it entered into a placing agreement dated 16 January 2023 with Kingston Securities Limited (the "Placing Agent") as the placing agent, in relation to the placing (the "Placing") on a best effort basis of up to 397,700,000 shares (the "Placing Share(s)") of the Company.

The Placing was completed on 30 January 2023, pursuant to which the Placing Agent placed 397,700,000 Placing Shares to certain individual(s), corporation(s) and/or institutional or professional investor(s) at a price of HK$0.065 per Placing Share.

Prior to completion of the Placing, the Vendor (a company directly wholly-owned by Madam Maeck, the chairperson and an executive director of the Company) held 397,700,000 shares of the Company (representing approximately 26.51% of the total issued shares of the Company). Immediately upon the completion of the Placing, the Vendor no longer holds any shares of the Company and ceases to be a shareholder of the Company. For details of the Placing, please refer to the Company's announcements dated 16 January 2023 and 30 January 2023.

(ii) On 15 February 2023, the Board proposed to change the English name of the Company from "Miji International Holdings Limited" to "Volcano Spring International Holdings Limited" and the dual foreign name in Chinese of the Company from "米技國際控股有限公司" to "火山邑动国际控股有限公司". For details of the proposed change of company name, please refer to the Company's announcement dated 15 February 2023.

Saved as disclosed in this report, there were no important events after the Reporting Period and up to the date of this report.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this report.

BUSINESS REVIEW

A fair review of the business and outlook of the Company as well as a discussion and analysis of the Group's performance during the year ended 31 December 2022 and the material factors underlying its results and financial position can be found in the Chairperson's Statement on pages 4 to 5 and the Management Discussion and Analysis on pages 6 to 12 of this annual report. An analysis using financial key performance indicators can be found in the Five-year Financial Summary on page 3 of this annual report. These discussions and financial highlights form part of this Directors' Report.

ENVIRONMENTAL POLICY

The Group is committed to achieve the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmentally friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principle of recycling and reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

The Group will review the environmental policy from time to time and will consider implementing further environmentally friendly measures and practices in the operation of the Group's businesses. A discussion and analysis of the Group's environmental policy can be found in the Environmental, Social and Governance Report on pages 30 to 50 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company compiles with the requirements under the Companies Law of the Cayman Islands, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance.

During the year ended 31 December 2022, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have a significant impact on the Group's business.

PRINCIPAL RISKS AND UNCERTAINTIES

The following lists out the principal risks and uncertainties facing the Group.

Global Economic Conditions

The global economic condition has been weaker than expected. Downside risks have been increased since there is slowing growth in emerging markets. The continuing adverse economic conditions may affect the results of operations and financial performance of the Group adversely.

To address economic uncertainties, the Group pursues steady earnings growth by strengthening product portfolio, enhancing in-store promotion, adopting careful cautious network diversification plan on points of sales, intensifying cost controlling measures and exploring business diversification opportunities.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of our employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the Reporting Period.

Before placement of purchase orders to its suppliers, the Group considers their product price, product quality, production capacity, financial conditions, delivery schedule, business scale and reputation. The Group builds its business and brand recognition on product quality and customer satisfaction. Its suppliers are required to meet the desired quality standards and deliver their products on time. The Group has implemented a stringent quality control system to ensure that the products from its suppliers can meet the Group's quality standard and any defective products will be returned to suppliers. Further, the Group's procurement team communicates with its suppliers regularly to ensure that the suppliers understand the Group's quality requirements and they can deliver the products on time.

The Group's suppliers generally grant credit period of not exceeding 90 days to the Group. Details of the trade payables of the Group as at 31 December 2022 are set out in note 26 to the financial statements. The Directors confirmed that the Group had no disputes with its suppliers and there had been no material defaults in the settlement of the Group's trade payables during the Reporting Period.

During the Reporting Period, purchases from the Group's largest supplier and the five largest suppliers accounted for approximately 38.1% and 67.9% (2021: 12.9% and 50.6%) of the total purchases, respectively.

The Group's major suppliers are manufacturers of (i) electronic components, control panels and ceramic glass panels used in the production of the Group's hobs and stoves; and (ii) pots and pans. The Group has maintained business relationship with its five largest suppliers during the Reporting Period ranging from one to sixteen years.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products are offered to the customers.

The Group has implemented various marketing strategies to promote its corporate brand and products and it has also spent plenty of resources to expand its sales channels. It is expected that the marketing effort and resources spent would increase the Group's sales revenue and market share in the PRC's kitchen appliance industry. The Group also closely monitors credit risk by performing regular review on the credit period granted to its customers and following up on outstanding trade receivables. The Directors confirmed that the Group had no disputes with its customers and there had been no material defaults in the recovery of the Group's trade receivables during the Reporting Period.

The Group generally grant credit period is 60 days for consignment sales and television sales; and up to six months for corporate sales. For online sales, sales to distributors and new customers with smaller business scale, the Group generally requires them to make full payment before product delivery. Details of the trade receivables of the Group as at 31 December 2022 are set out in note 21 to the financial statements.

During the Reporting Period, sales to the Group's largest customer and five largest customers accounted for 25.0% and 51.5% (2021: 24.5% and 53.6%) of the total revenue, respectively.

The Group's major customers are distributors or consignees which operate online sales platforms and/or television platforms in the PRC. The Group has maintained business relationship with its five largest customers during the Reporting Period ranging from three to fourteen years.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner.

CHARITABLE DONATIONS

The Group made donations of RMB2.5 million during the Reporting Period (2021: RMB1.1 million).

AUDITOR

On 11 November 2022, PricewaterhouseCoopers resigned as auditor of the Company and Conpak CPA Limited was appointed as the auditor of the Company to fill the casual vacancy and to hold office until the conclusion of the next annual general meeting of the Company.

A resolution for the re-appointment of Conpak CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

The consolidated financial statements of the Company for the previous two years ended 31 December 2021 and 2020 were audited by PricewaterhouseCoopers.

On behalf of the Board
Miji International Holdings Limited

Maeck Can Yue
Chairperson
Hong Kong, 31 March 2023

INDEPENDENT AUDITOR'S REPORT

CONPAK CPA LIMITED | 康栢會計師事務所有限公司

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

OPINION

We have audited the consolidated financial statements of Miji International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 68 to 132, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
Refer to Notes 2.9, 3.1(b), 4(a) and 21(a) to the consolidated financial statements. As at 31 December 2022, the Group had gross trade receivables of approximately RMB17,705,000, for which a provision for impairment of approximately RMB4,402,000 was recognised. The Group applied the HKFRS 9 simplified approach to measure lifetime expected credit losses ("ECL") allowance for all trade receivables.	Our procedures on management's assessment of the impairment of trade receivables included: • Understood the management's internal controls over the impairment assessment process and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Evaluated the outcome of prior year's impairment assessment to assess the effectiveness of management's estimation process and whether that process has been consistently applied in the current year;

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Management estimated impairment of trade receivables that are individually significant by considering the ageing profiles of trade receivables, their knowledge about the customers and the market conditions. Management also grouped the trade receivables with similar credit risk characteristics and ageing profile for collective assessment. The estimated ECL rates were based on historical credit loss rates for different groups and adjusted to reflect the current and multiple forward-looking information on macro-economic factors that are considered relevant to determine the ability of customers to settle the receivables in the future. In assessing the sufficiency of the ECL estimation, management considered factors including the settlement pattern, credit profile and on-going trading relationships with the customers. We focused on this area because the estimation of ECL involved a significant level of judgement by management to determine the selection of internal and external data from various sources that were considered to be appropriate in their circumstances to establish the historical credit loss experience and to adjust this experience for expected future changes, recognising that these factors are all subject to a certain level of estimation uncertainty and inherent risk of subjectivity.	• Understood the status of each of the material trade receivables past due as at year end, the Group's on-going business relationships with the relevant customers and past settlement history of the customers through discussion with management; • Evaluated management's assessment of the historical credit loss rates by sample checking inputs in respect of the assumptions made, such as historical payment records and correspondence on any disputes or claims with the customers; • Evaluated the expected future changes in credit risks in management's assessment by sample checking the inputs of assumptions (e.g. unemployment rates) to the relevant external data sources; • Performed testing, on a sample basis, of the accuracy of the trade receivables ageing report as at 31 December 2022; and • Checked the computation of the amount of provision. Based on the results of the procedures performed, we found management's judgement and assumptions applied in respect of the impairment of trade receivables to be supported by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Refer to Notes 2.21 and 5 to the consolidated financial statements. Revenue from sales of goods amounted to RMB88,186,000 for the year ended 31 December 2022. Revenue is recognised when the Group has satisfied a performance obligation by transferring the control of the promised goods to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods. We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated statement of comprehensive income and the audit team will allocate significant resources to perform audit work due to the volume of revenue transactions that were generated from the diversifying sales channels of the Group and the overall magnitude of revenue to the consolidated financial statements.	Our procedures on the revenue recognition of sales of goods included: • Understood, evaluated and validated the management's control over the sales transactions from contract and sales orders approval, delivery of goods to buyers by various channels, recording of sales to cash receipts; • Performed testing, on a sample basis, of revenue transactions covering different customers by examining the relevant customers' sales orders, invoices, goods delivery notes and customers' acknowledgement of receipts, bank statements for cash receipts and where relevant, monthly statements from consignees; • Obtained independent confirmations from customers to confirm the Group's sales transaction amounts to these entities during the year, and tested management's reconciliations for any material differences between the book amounts and the confirmed amounts by checking the relevant supporting documents; and • Performed testing, on a sample basis, on sales transactions that took place before and after the financial year end to assess whether revenue was recognised in the proper period. Based on the results of the procedures performed, we found the Group's revenue from sales of goods was recognised in a manner consistent with its accounting policy.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is YUEN Wai Kin, Sidney.

Conpak CPA Limited
Certified Public Accountants

Hong Kong, 31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	**88,186**	143,873
Cost of sales	8	**(49,699)**	(78,603)
Gross profit		**38,487**	65,270
Other income	6	**2,602**	4,829
Other gains/(losses), net	7	**2,073**	(812)
Selling and distribution expenses	8	**(42,450)**	(73,015)
Administrative expenses	8	**(28,470)**	(27,173)
Research and development expenses	8	**(7,994)**	(10,535)
Net impairment losses on financial assets	21	**(2,059)**	(129)
Operating loss		**(37,811)**	(41,565)
Finance income	10	**62**	92
Finance costs	10	**(5,064)**	(1,511)
Finance costs, net		**(5,002)**	(1,419)
Share of net loss of associates	14	**(393)**	(736)
Loss before income tax		**(43,206)**	(43,720)
Income tax expenses	11	**(344)**	(174)
Loss for the year		**(43,550)**	(43,894)
Other comprehensive loss:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(692)**	(102)
Total comprehensive loss for the year		**(44,242)**	(43,996)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
(Loss)/profit attributable to:			
Owners of the Company		**(43,213)**	(44,353)
Non-controlling interests		**(337)**	459
		(43,550)	(43,894)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(43,905)**	(44,455)
Non-controlling interests		**(337)**	459
Total comprehensive loss for the year		**(44,242)**	(43,996)
Loss per share attributable to owners of the Company for the year			
Basic and diluted (RMB cents)	12	**(2.88)**	(2.96)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**15,064**	18,763
Right-of-use assets	16(a)	**1,172**	3,632
Land use rights	17	**8,374**	8,585
Investments in associates	14	**1,220**	7,348
Intangible assets	18	**450**	715
Deferred income tax assets	28	**–**	83
Deposits	21	**64**	753
		26,344	39,879
Current assets			
Inventories	20	**84,125**	64,823
Trade receivables	21	**13,303**	31,489
Other receivables, deposits and prepayments	21	**58,309**	16,194
Amount due from an associate	30	**–**	8
Amount due from a non-controlling interest	33	**130**	–
Restricted bank deposit	22	**237**	237
Cash and cash equivalents	22	**11,356**	32,346
		167,460	145,097
Assets classified as held for sale	23	**–**	5,747
Total assets		**193,804**	190,723
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	24	**12,561**	12,561
Share premium	24	**72,173**	72,173
Reserves	25	**(4,371)**	39,534
		80,363	124,268
Non-controlling interests	33	**(457)**	(120)
Total equity		**79,906**	124,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16(a)	**64**	1,282
Borrowings	27	**4,380**	5,047
Deferred income tax liabilities	28	**261**	–
		4,705	6,329
Current liabilities			
Trade and other payables	26	**27,539**	26,278
Borrowings	27	**74,263**	23,629
Lease liabilities	16(a)	**1,218**	2,958
Amount due to associates	30	**1,301**	–
Amount due to the then non-controlling interest	33	**1,650**	3,509
Contract liabilities	5	**2,776**	3,422
Current income tax liabilities		**446**	450
		109,193	60,246
Total liabilities		**113,898**	66,575
Total equity and liabilities		**193,804**	190,723

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

The consolidated financial statements on pages 68 to 132 were approved for issue by the Board of directors on 31 March 2023 and were signed on its behalf.

Madam Maeck Can Yue
Director

Mr. Wu Huizhang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company				
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Reserves RMB'000 (Note 25)	Non-controlling interest RMB'000	Total RMB'000
As at 1 January 2021	12,561	72,173	84,015	4,202	172,951
(Loss)/profit for the year	–	–	(44,353)	459	(43,894)
Other comprehensive loss:					
Currency translation differences	–	–	(102)	–	(102)
Total comprehensive (loss)/income for the year	–	–	(44,455)	459	(43,996)
Dividends declared to a non-controlling interest	–	–	–	(2,357)	(2,357)
Transactions with a non-controlling interest	–	–	(26)	(2,424)	(2,450)
Total transactions with owners	–	–	(26)	(4,781)	(4,807)
As at 31 December 2021	12,561	72,173	39,534	(120)	124,148
As at 1 January 2022	**12,561**	**72,173**	**39,534**	**(120)**	**124,148**
Loss for the year	**–**	**–**	**(43,213)**	**(337)**	**(43,550)**
Other comprehensive loss:					
Currency translation differences	**–**	**–**	**(692)**	**–**	**(692)**
Total comprehensive loss for the year	**–**	**–**	**(43,905)**	**(337)**	**(44,242)**
As at 31 December 2022	**12,561**	**72,173**	**(4,371)**	**(457)**	**79,906**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Net cash used in operations	29	**(75,924)**	(10,939)
Income tax paid		**(4)**	(78)
Net cash used in operating activities		**(75,928)**	(11,017)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(771)**	(2,220)
Interest received		**62**	92
Dividend received from an associate		**–**	3,761
Proceeds from disposal/partial disposal of interest in an associate	29(b)	**3,662**	5,040
Proceeds from disposal of assets classified as held for sale	29(b)	**12,000**	–
Proceeds from disposal of property, plant and equipment	29(a)	**72**	2
Net cash generated from investing activities		**15,025**	6,675
Cash flows from financing activities			
Interest paid		**(5,584)**	(1,298)
Dividend paid to the then non-controlling interest		**(1,059)**	(2,302)
Payment for acquisition of partial interest of a subsidiary to the then non-controlling interest		**(800)**	–
Prepayment of the consideration for partial interest of a subsidiary to a non-controlling interest		**(130)**	–
Proceeds from borrowings		**73,596**	23,000
Repayment of bank borrowings		**(23,629)**	(27,289)
Placement in restricted bank deposit		**–**	(237)
Payment for lease liabilities, principal portion		**(2,958)**	(2,405)
Payment for lease liabilities, interest portion		**(141)**	(213)
Net cash generated from/(used in) financing activities		**39,295**	(10,744)
Net decrease in cash and cash equivalents		**(21,608)**	(15,086)
Effect of exchange difference		**618**	(752)
Cash and cash equivalents at beginning of the year		**32,346**	48,184
Cash and cash equivalents at end of the year	22	**11,356**	32,346

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

1 GENERAL INFORMATION

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") mainly engage in the development, manufacturing and selling of kitchen appliances in the People's Republic of China (the "PRC").

The Company commenced its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 16 July 2018.

The consolidated financial statements are presented in thousands of units of Renminbi ("RMB'000") unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for assets held for sale which are measured at the lower of carrying amount and fair value less cost to sell.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

Annual Improvements Projects	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior year and are not expected to significantly affect the current or future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New and revised HKFRSs issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2022 and have not been early adopted by the Group. The management is in the process of assessing the impact of these standards to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principal of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ("NCI") in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investment is initially recognised at cost. The Group's interests in associates include goodwill (net of any accumulated impairment loss) identified on acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associates at the date of acquisition. Goodwill arising on acquisitions of associates is included in interests in associates and are tested for impairment as part of overall balance.

The Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principal of consolidation and equity accounting *(Continued)*

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(v) Separate financial statements

Investment in a subsidiary are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "other gains/(losses), net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Land use rights and property, plant and equipment

Land use rights

Land use rights are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost represents consideration paid for the right to use the land on which various plants and buildings are situated for periods varying from 40-50 years. Depreciation of land use rights is charged to the consolidated financial statements on a straight-line basis over the period of leases or when there is impairment, the impairment is charged to the consolidated financial statements.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Leasehold improvements	Shorter of remaining lease term or 3 years
Furniture and office equipment	3-5 years
Motor vehicles	5 years
Machinery	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses), net" in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets

Software and website

Acquired computer software licenses and website are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and website. Intangible assets are amortised over their estimated useful lives of 3 to 10 years.

2.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Non-current assets (or disposal groups) held for sales

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Investment and other financial assets

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

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

– those to be measured at amortised cost.

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

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

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

2.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.9.3 Measurement

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Investment and other financial assets *(Continued)*

2.9.3 Measurement *(Continued)*

Debt instruments

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

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

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

FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Investment and other financial assets *(Continued)*

2.9.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 (b) for further details.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.12 Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods comprises parts and components, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits

(a) Retirement benefit obligations

Full time employees of the Group's PRC entities participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labour regulations require the Group to accrue for these benefits based on certain percentages of the employees' salaries. Full time employees who have passed the probation period are entitled to such benefits.

The Group also participates in defined contribution schemes which are available to Germany employees. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the profit or loss as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised are described below.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivables is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivables is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group's revenue is primarily derived from sales of goods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

The Group manufactures and sells a range of kitchen appliances primarily in both wholesale and retail markets. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer other than retail sales has full discretion over the channel and price to resell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of goods

Revenue from these sales is recognised based on the price specified, net of discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision in the consolidated statement of financial position, if any.

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

2.22 Leases – as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Leases – as a lessee *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal 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.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss without a purchases option. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants to compensate expenses incurred by the Group are recognised in the consolidated statement of comprehensive income under "other income".

2.24 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.25 Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when recognition criteria are fulfilled and tests for impairment are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods.

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 and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department headed by the financial controller of the Group (the "Finance Department"). The Finance Department identifies and evaluates financial risks in close co-operation within the Group to cope with overall risk management, as well as specific areas, such as fair value interest rate risk, foreign currency risk, credit risk and liquidity risk.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk

Cash flow and fair value interest rate risks

Cash flow and fair value interest rate risks refer to the changes in cash flows or fair value of a financial instrument as a result of fluctuations in market interest rates.

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. In the opinion of directors, the expected change in fair values as a results of change in market interest rates will not be significant, thus no sensitivity analysis is presented.

Restricted bank deposit, cash and cash equivalents and bank borrowings at variable rates expose the Group to cash flow interest rate risk.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level and will consider hedging significant interest rate exposure should the need arises.

As at 31 December 2022, it is estimated that if restricted bank deposit, cash and cash equivalents and borrowings at variable rates experience a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, the Group's loss for the year would increase/decrease by approximately RMB134,000 (2021: decrease/increase by RMB38,000) respectively. The 100 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

Foreign currency risk

The Group mainly operates in the PRC and most of their transactions are denominated in Chinese Renminbi ("RMB"). The Group is exposed to foreign exchange risk primarily through its bank balances and short-term borrowings that are denominated in a currency other than the functional currency of the Company or of its subsidiaries to which they relate.

The Group considers its foreign currency exposure is mainly arising from the exposure of RMB against Hong Kong Dollars ("HK$").

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not adopted hedge accounting.

As at 31 December 2022, if RMB strengthened/weakened against HK$ by 5% with all other variables held constant, the Group's loss for the year will be approximately RMB2,566,000 lower/higher (2021: RMB210,000 higher/lower) respectively.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

The credit risk of the Group mainly arises from restricted bank deposit, cash and cash equivalents, trade receivables and other receivables and deposits.

(i) Risk management

In respect of restricted bank deposit and cash and cash equivalents, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be insignificant and no provision was made as of 31 December 2022 (2021: Same).

As at 31 December 2022, there was 2 customers (2021: 3 customers) which individually contributed over 10% of the Group's trade receivables. The amount of trade receivables from these customers amounted to 36.9% (2021: 52.2%) of the Group's total trade receivables. The major debtors of the Group are reputable organisations and with no history of default. Management considers that the credit risk is limited in this regard.

(ii) Impairment of financial assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on different credit risk characteristics and calculate loss allowance according to the lifetime expected credit losses mode.

For individual assessment, the receivables relating to customers with known financial difficulties or with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2022, the balance of individually assessed receivables was RMB2,153,000 (2021: RMB1,442,000) and the loss allowance in respect of individually assessed receivables was RMB2,153,000 (2021: RMB1,442,000).

For collective assessment, the expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors which are expected to affect the ability of the customers to settle the receivables. The Group has identified the unemployment rate of the PRC in which it sells of goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) ***Credit risk*** *(Continued)*

(ii) Impairment of financial assets (Continued)

The loss allowances as at 31 December 2022 and 31 December 2021 were determined as follows:

As at 31 December 2022	**Lifetime expected loss rate %**	**Gross carrying amount RMB'000**	**Lifetime expected credit loss RMB'000**	**Net carrying amount RMB'000**
Individual assessment	**100%**	**2,153**	**(2,153)**	**–**
Collective assessment (based on due date)				
Current	**1%***	**9,348**	**(72)**	**9,276**
1 – 30 days	**8%**	**145**	**(12)**	**133**
31 – 60 days	**12%**	**49**	**(6)**	**43**
61 – 90 days	**25%**	**169**	**(43)**	**126**
Over 90 days	**36%**	**5,841**	**(2,116)**	**3,725**
		17,705	**(4,402)**	**13,303**

As at 31 December 2021	Lifetime expected loss rate %	Gross carrying amount RMB'000	Lifetime expected credit loss RMB'000	Net carrying amount RMB'000
Individual assessment	100%	1,442	(1,442)	–
Collective assessment (based on due date)				
Current	0%*	30,329	(81)	30,248
1 – 30 days	13%	133	(17)	116
31 – 60 days	22%	663	(144)	519
61 – 90 days	31%	471	(144)	327
Over 90 days	65%	794	(515)	279
		33,832	(2,343)	31,489

* Expected credit loss is insignificant as these trade receivables have no recent history of default.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets (Continued)

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

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The credit quality of other receivables and deposits excluding prepayments has been assessed with reference to historical settlement record, past experience as well as forward-looking factors. The directors are of the opinion that the credit risk of other receivables and deposits is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the other receivables and deposits excluding prepayments is assessed to be insignificant and no provision was made as of 31 December 2022 (2021: Same).

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term.

As at 31 December 2022, the Group held cash and cash equivalents totalled RMB11,356,000 (2021: RMB32,346,000), that are expected to be readily available to generate cash inflows for managing liquidity risk.

The Group maintains liquidity by a number of sources including receivables and certain assets that the Group considers appropriate and short-term financing. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at as 31 December 2022 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) *Liquidity risk* *(Continued)*

	Less than 1 year RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000
As at 31 December 2022					
Trade and other payables	**20,970**	**–**	**–**	**–**	**20,970**
Borrowings	**77,295**	**946**	**2,838**	**1,340**	**82,419**
Amount due to associates	**1,301**	**–**	**–**	**–**	**1,301**
Amount due to the then non-controlling interest	**1,650**	**–**	**–**	**–**	**1,650**
Lease liabilities	**1,240**	**65**	**–**	**–**	**1,305**
	102,456	**1,011**	**2,838**	**1,340**	**107,645**

	Less than 1 year RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000
As at 31 December 2021					
Trade and other payables	20,820	–	–	–	20,820
Borrowings	23,946	946	2,838	2,286	30,016
Amount due to the then non-controlling interest	3,509	–	–	–	3,509
Lease liabilities	3,099	1,240	65	–	4,404
	51,374	2,186	2,903	2,286	58,749

3.2 Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following debt to capital ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as "equity" as shown in the foreseeable consolidated statement of financial position plus net debt.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management *(Continued)*

The debt to capital ratios of the Group are as follows:

	2022 RMB'000	2021 RMB'000
Borrowings (Note 27)	**78,643**	28,676
Less: cash and bank balances (Note 22)	**(11,593)**	(32,583)
Net debt	**67,050**	N/A
Total equity	**79,906**	124,148
Total capital	**146,956**	124,148
Debt to Capital ratio	**46%**	N/A

The debt to capital ratio increased as a result of the short-term borrowings (see note 27) financing for new business during the reporting period.

3.3 Fair value estimation

The carrying value less impairment of provision of trade receivables, other receivables and restricted bank deposit, cash and cash equivalents, trade and other payables, borrowings, lease liabilities, amount due to associates and amount due from/(to) a/the then non-controlling interest are approximation to their fair value due to short maturities.

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses significant judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(b) Impairment of inventories

The Group makes provision for inventories based on an assessment of the realisability of inventories. Provisions are recognised where events or changes in circumstances indicate that the carrying value of inventories may not be realised. The identification of provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and provision for inventories in the period in which such estimate has been changed.

(c) Income tax

Significant judgement is required in determining the provision for income taxes and deferred income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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 foreseeable future.

(d) Estimation of provision for warranty claims

The Group has the obligation to repair or replace faulty products under the standard warranty terms. Management estimates the related provision for future warranty claims information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current year are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

5 SEGMENT INFORMATION AND REVENUE

The chief operating decision-makers have been identified as the directors of the Company. Management has determined the operating segments based on the information reviewed by the directors for the purpose of allocating resources and assessing performance. The only component in internal reporting to the directors is the Group's development, manufacturing and selling of kitchen appliances. 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 a majority of the Group's assets and liabilities of the operating companies are located in the PRC. As at 31 December 2022, non-current assets of RMB25,843,000 (2021: RMB31,894,000) of the Group were located in the PRC. For the year ended 31 December 2022, revenue of RMB84,224,000 (2021: RMB142,795,000) was derived from external customers in the PRC. Revenues of approximately RMB22,041,000 and RMB8,973,000 (2021: RMB35,910,000) were derived from two (2021: one) individual external customers, each of which contributed more than 10% of Group's revenue.

(a) Revenue from contracts with customers

	2022 RMB'000	2021 RMB'000
Revenue		
Sales of goods	**88,186**	143,873
Timing of revenue recognition		
At a point in time	**88,186**	143,873

(b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2022 RMB'000	2021 RMB'000
Contract liabilities – sales of goods (Note)	**2,776**	3,422

Notes:

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of goods	**3,422**	4,652

6 OTHER INCOME

	2022 RMB'000	2021 RMB'000
Government grants (Note)	**348**	423
Licensing income from an associate (Note 30(b))	**–**	3,487
Licensing income from independent third parties	**1,616**	–
Management fee income from an associate (Note 30(b))	**–**	440
Management fee income from an independent third party	**440**	–
Sundry income	**198**	479
	2,602	4,829

Note: The amounts mainly represent the Group's entitlements to value-added tax refund and government subsidies as an incentive to the Group for the devotion of resources to stimulate the PRC's economic development. There are no unfulfilled conditions or other contingencies attached to the government grant recognised during the years ended 31 December 2022 and 2021.

7 OTHER GAINS/(LOSSES), NET

	2022 RMB'000	2021 RMB'000
Gain on disposal of assets classified as held for sale (Note 23)	**6,253**	–
Loss on disposal of investment in an associate (Note 14)	**(3,293)**	–
Loss on disposal of property, plant and equipment	**(134)**	(5)
Net exchange loss	**(938)**	(948)
Others	**185**	141
	2,073	(812)

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:

	2022 RMB'000	2021 RMB'000
Cost of materials used	**46,369**	73,301
Auditor's remuneration		
– Audit services	**1,091**	1,324
– Non-audit services	**–**	–
Legal and professional fees	**8,703**	5,381
Depreciation of property, plant and equipment (Note 15)	**4,270**	4,180
Depreciation of right-of-use assets (Note 16(b))	**2,460**	2,144
Amortisation of land use rights (Note 17)	**211**	210
Amortisation of intangible assets (Note 18)	**264**	277
Employee benefit expenses (including directors' emoluments) (Note 9)	**25,874**	30,108
Consignment fee	**14,018**	25,377
Short-term lease expenses (Note 16(b))	**936**	1,628
Decoration expenses	**1,127**	3,573
Advertising and promotion expenses	**3,574**	8,686
Product design and inspection fee	**543**	3,290
Sundry expenses of consignment stores	**3,030**	6,258
Travelling and entertainment expenses	**1,230**	2,021
Transportation expenses	**4,295**	4,963
Donation expenses	**2,471**	1,100
Office expenses	**1,445**	2,097
Exhibition expenses	**737**	3,444
Utilities expenses	**1,109**	1,223
Others	**4,856**	8,741
Total cost of sales, selling and distribution expenses, research and development expenses and administrative expenses	**128,613**	189,326

9 EMPLOYEE BENEFIT EXPENSES

	2022 RMB'000	2021 RMB'000
Wages, salaries and benefits in kind (including directors' emoluments)	**22,319**	25,555
Bonuses	**44**	93
Retirement benefit costs		
– defined contribution plans	**3,511**	4,460
	25,874	30,108

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Pensions – defined contribution plans

During the year ended 31 December 2022, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2021: Same), leaving no balances available at the year-end to reduce future contributions.

(b) Five highest paid individuals

For the year ended 31 December 2022, the five individuals whose emoluments were the highest in the Group include 1 director (2021: Same), whose emoluments have been reflected in the analysis in Note 32. The emoluments paid/payable to the remaining individuals are as follows:

	2022 **RMB'000**	2021 RMB'000
Wages, salaries and benefits in kind	**2,435**	1,429
Retirement benefit costs – defined contribution plans	**169**	449
	2,604	1,878

The emoluments of the highest paid individuals fell within the following band:

	Number of individuals	
	2022	2021
Emolument band		
Nil to HK$1,000,000	**4**	4

10 FINANCE COSTS, NET

	2022 RMB'000	2021 RMB'000
Interest income:		
– Bank interest income	**62**	92
Finance income	**62**	92
Interest expenses:		
– Borrowings	**(4,923)**	(1,298)
– Lease liabilities	**(141)**	(213)
Finance costs	**(5,064)**	(1,511)
Finance costs, net	**(5,002)**	(1,419)

11 INCOME TAX EXPENSES

	2022 RMB'000	2021 RMB'000
Current income tax	**–**	45
Deferred income tax (Note 28)	**344**	129
	344	174

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands (2021: Same).

(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 year ended 31 December 2022 (2021: Same).

11 INCOME TAX EXPENSES *(Continued)*

(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 Appliance (Shanghai) Limited ("Miji Shanghai"), is 25%.

Pursuant to the New EIT Law, with respect to a new and high technology enterprise, the tax levied on income of Miji Shanghai will be charged at a preferential rate of 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 has renewed the Certificate and will be expired on 11 November 2023.

The Group is entitled to a tax relief from the tax authority in the PRC on eligible research and development cost incurred for the years ended 31 December 2022 and 2021. The Group can claim an extra 75% tax deduction based on those eligible research and development cost incurred at an applicable tax rate.

(iv) Corporate income tax in Germany

Income tax on profits arising from Germany has been calculated on the estimated assessable profits for the year at the rate of approximately 30% (2021: Same).

(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 foreseeable future.

11 INCOME TAX EXPENSES *(Continued)*

The tax on the Group's loss before income tax differs from the theoretical amount that used arise using the enacted tax rate applicable to loss of the Group's entities as follows:

	2022 **RMB'000**	2021 RMB'000
Loss before income tax	**(43,206)**	(43,720)
Less: Share of net loss of associates	**393**	736
	(42,813)	(42,984)
Tax calculated at domestic tax rates applicable to loss in the respective jurisdictions	**(9,727)**	(10,082)
Effects of the preferential tax rates	**1,323**	3,059
Expenses not deductible for tax purposes	**5,000**	1,967
Income not subject to tax	**–**	(121)
Tax losses for which no deferred tax assets was recognised	**3,748**	5,351
Income tax expenses	**344**	174

12 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holder of the Company by the weighted average number of ordinary shares in issue during the year:

	2022	2021
Loss attributable to owners of the Company (RMB'000)	**(43,213)**	(44,353)
Weighted average number of ordinary shares in issue	**1,500,000,000**	1,500,000,000
Basic loss per share (RMB cents)	**(2.88)**	(2.96)

(b) Diluted

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares in existence during both years presented.

13 SUBSIDIARIES

The following is a list of the subsidiaries at as 31 December 2022:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Issued and paid up capital	Effective interest held as at 2022	Effective interest held as at 2021
Directly held by the Company:					
Miji Holdings Limited ("Miji Holdings")	British Virgin Islands (the "BVI"), limited liability company	Investment holding, Hong Kong	USD100	**100%**	100%
Indirectly held by the Company:					
Miji International Group Limited ("Miji International")	The BVI, limited liability company	Investment holding, Hong Kong	USD1	**100%**	100%
Miji Hong Kong Investments ("Miji Investments")	Hong Kong, limited liability company	Investment holding and sale of cooking appliances, Hong Kong	HK$20,000	**100%**	100%
Miji Shanghai	The PRC, limited liability company	Design, manufacture and sale of cooking appliances, the PRC	USD6,750,000	**100%**	100%
MKY Shanghai Mikaiyi Kitchen Co. Limited*	The PRC, limited liability company	Distribution of cabinets, electrical appliances and equipment for kitchen use, the PRC	RMB3,000,000	**100%**	100%
Miji GmbH	Germany, limited liability company	Design, manufacture and sale of cooking appliances, Germany	EUR225,000	**100%**	100%
Beijing Miji Electronics and Appliances Limited*	The PRC, limited liability company	Design, manufacture and sale of cooking appliances, the PRC	RMB1,000,000	**80%**	80%
Miji Smart Home Appliance Manufacturing (Shanghai) Co., Ltd. (formerly known as "Miji Yongxing")*	The PRC, limited liability company	Sale of components of cooking appliances, the PRC	RMB5,000,000	**100%**	100%
Shanghai Miji Huiwu Cehua Company Limited*	The PRC, limited liability company	Events planning and organising	RMB0	**100%**	100%
Shanghai Miwu Keji Company Limited*	The PRC, limited liability company	Research and development	RMB0	**100%**	100%
Eminent Way Limited	The BVI, limited liability company	Investment holding, Hong Kong	USD1	**100%**	100%
Eminent Way (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding, Hong Kong	HK$10,000	**100%**	100%
Shanghai Miyiji Keji Company Limited*	The PRC, limited liability company	Research and development	RMB20,000,000	**100%**	100%

* For identification purpose only

During the year ended 31 December 2021, the Group acquired 49% equity interest in Miji Yongxing from a substantial shareholder of Miji Yongxing at a cash consideration of RMB2,450,000. Upon the completion of the above transaction, Miji Yongxing become a wholly-owned subsidiary of the Company.

14 INVESTMENTS IN ASSOCIATES

The amount recognised in the consolidated statement of financial position is as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January	**7,348**	17,592
Additions in investments in associates	**1,220**	–
Disposal of interest in an associate	**(6,955)**	–
Share of loss	**(393)**	(736)
Dividend received	**–**	(3,761)
	1,220	13,095
Transfer to assets classified as held for sale (Note 23)	**–**	(5,747)
As at 31 December	**1,220**	7,348

Set out below is the information of the associates of the Group as at 31 December 2022 and 2021. The associates listed below have share capital consisting solely of ordinary shares, which are held by the Group.

Nature of investments in associates:

Name	Place of incorporation	Principal activities	Effective interest held as at 31 December 2022	Effective interest held as at 31 December 2021
Miji Xuanshang Intelligence Home Appliances (Shanghai) Company Limited ("Miji Xuanshang")*	The PRC	Trading of home & electric appliances	**–**	–
Sky Asia Construction Engineering Limited ("Sky Asia")	Hong Kong	Holding of yacht	**–**	33%
上海火山邑動技術有限公司 (Shanghai Volcano Spring Technology Co., Ltd.*) ("Shanghai Volcano Spring")	The PRC	Trading of products related to health industry	**24%**	–
上海小芋網絡科技有限公司 (Shanghai Xiaoyu Network Technology Co., Ltd. *) ("Shanghai Xiaoyu")	The PRC	Software and information technology services	**10% (Note)**	–

* For identification purpose only

14 INVESTMENTS IN ASSOCIATES *(Continued)*

Note:

The Group is able to exercise significant influence over Shanghai Xiaoyu because it has the power to participate in the making of significant financial and operating decisions under the provisions stated in the articles of association of this entity.

During the year ended 31 December 2021, the Group had entered into a sale and purchase agreement to dispose of its 40% equity interest in Miji Xuanshang with a carrying amount of RMB5,747,000 to independent third parties at a cash consideration of RMB12,000,000. Upon the completion of the above transaction, the Group will cease to have any equity interest in Miji Xuanshang.

As at 31 December 2021, the Group still held 40% equity interest in Miji Xuanshang as the transaction had not yet completed as at 31 December 2021 and subsequently completed during the year ended 31 December 2022.

During the year ended 31 December 2022, the Group disposed of its 33% equity interest in Sky Asia to an independent third party at a consideration of HK$4,500,000 (equivalent to RMB3,662,000). A loss on disposal of investment in an associate of RMB3,293,000 has been recognised in other gains/(losses), net in the consolidated statement of comprehensive income.

During the year ended 31 December 2022, the Group invested RMB720,000 and RMB500,000, which represents 24% and 10% equity interest, in Shanghai Volcano Spring and Shanghai Xiaoyu respectively. The capital of these investments have not yet been paid as at 31 December 2022.

Sky Asia, Shanghai Volcano Spring and Shanghai Xiaoyu are private companies and there is no quoted market price available for its shares.

The management assessed that the Group has significant influence but not control over Shanghai Volcano Spring and Shanghai Xiaoyu (2021: Miji Xuanshang and Sky Asia), as such, Shanghai Volcano Spring and Shanghai Xiaoyu (2021: Miji Xuanshang and Sky Asia) are accounted for associates of the Group under equity method.

	Note	**2022** **RMB'000**	2021 RMB'000
Carrying amount of the Group's interest in:			
Miji Xuanshang		**–**	5,747
Sky Asia		**–**	7,348
Shanghai Volcano Spring		**720**	–
Shanghai Xiaoyu		**500**	–
		1,220	12,942
Transfer to assets classified as held for sale	23	**–**	(5,747)
		1,220	7,348

There are no contingent liabilities relating to the Group's interests in the associates.

No summarised financial information of associates is disclosed as the management considered that the associates are not material to the Group.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
Balance as at 1 January 2021						
Cost	14,857	13,039	4,328	2,136	3,416	37,776
Accumulated depreciation	(4,927)	(4,882)	(3,483)	(1,570)	(2,157)	(17,019)
Net book amount	9,930	8,157	845	566	1,259	20,757
Year ended 31 December 2021						
Opening net book amount	9,930	8,157	845	566	1,259	20,757
Additions	–	1,985	133	95	7	2,220
Disposals	–	–	(4)	–	(3)	(7)
Depreciation (Note 8)	(670)	(2,844)	(175)	(190)	(301)	(4,180)
Currency translation differences	–	–	(2)	(20)	(5)	(27)
Closing net book amount	9,260	7,298	797	451	957	18,763
Balance as at 31 December 2021 and 1 January 2022						
Cost	14,857	15,024	4,406	2,114	3,381	39,782
Accumulated depreciation	(5,597)	(7,726)	(3,609)	(1,663)	(2,424)	(21,019)
Net book amount	9,260	7,298	797	451	957	18,763

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
Year ended 31 December 2022						
Opening net book amount	9,260	7,298	797	451	957	18,763
Additions	–	533	140	–	98	771
Disposals	–	(12)	(103)	–	(91)	(206)
Depreciation (Note 8)	(669)	(2,993)	(205)	(165)	(238)	(4,270)
Currency translation differences	–	–	2	4	–	6
Closing net book amount	8,591	4,826	631	290	726	15,064
Balance as at 31 December 2022						
Cost	14,857	15,557	2,808	1,291	3,128	37,641
Accumulated depreciation	(6,266)	(10,731)	(2,177)	(1,001)	(2,402)	(22,577)
Net book amount	8,591	4,826	631	290	726	15,064

Amortisation and depreciation were included in the following categories in the consolidated statement of comprehensive income:

	2022 RMB'000	2021 RMB'000
Cost of sales	**1,205**	1,595
Distribution and selling expenses	**307**	278
Administrative expenses	**2,444**	1,943
Research and development expenses	**314**	364
	4,270	4,180

As at 31 December 2022, the Group's buildings amounting to RMB8,591,000 (2021: RMB9,260,000), were pledged as collateral for the Group's bank borrowings. Details of which are set out in Note 27.

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 RMB'000	2021 RMB'000
Right-of-use assets		
Office premises and warehouses	**1,172**	3,632
Lease liabilities		
Current	**1,218**	2,958
Non-current	**64**	1,282
	1,282	4,240

No additions to the right-of-use assets during the year ended 31 December 2022 (2021: RMB2,963,000). There was no significant modification of a lease during the year ended 31 December 2022 and 2021.

(b) Amounts recognised in the consolidated statement of comprehensive income

	Notes	2022 RMB'000	2021 RMB'000
Depreciation of right-of-use assets			
Office premises and warehouses	8	**(2,460)**	(2,144)
Interest expense (included in finance cost)	10	**(141)**	(213)
Expense relating to short-term leases (included in cost of sales, selling and distribution expenses, research and development expenses and administrative expenses)	8	**(936)**	(1,628)

The total cash outflow for leases for the year ended 31 December 2022 was RMB4,035,000 (2021: RMB4,246,000).

(c) The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods of 2 months to 54 months without extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) There are no variable lease payments contained in the leases.

17 LAND USE RIGHTS

The Group's interests in land use rights represent right-of-use assets for land and their net carrying values are analysed as follows:

	RMB'000
As at 1 January 2021	
Cost	9,386
Accumulated amortisation	(591)
Net book amount	8,795
Year ended 31 December 2021	
Opening net book amount	8,795
Amortisation	(210)
As at 31 December 2021	8,585
As at 31 December 2021 and 1 January 2022	
Cost	9,386
Accumulated amortisation	(801)
Net book amount	8,585
Year ended 31 December 2022	
Opening net book amount	**8,585**
Amortisation	**(211)**
As at 31 December 2022	**8,374**
As at 31 December 2022	
Cost	**9,386**
Accumulated amortisation	**(1,012)**
Net book amount	**8,374**

As at 31 December 2022, the Group's land use rights amounting to RMB8,374,000 (2021: RMB8,585,000), were pledged as collateral for the Group's bank borrowings. Details of which are set out in Note 27.

18 INTANGIBLE ASSETS

	Software RMB'000	Website RMB'000	Total RMB'000
As at 1 January 2021			
Cost	1,365	851	2,216
Accumulated amortisation	(725)	(469)	(1,194)
Net book amount	640	382	1,022
Year ended 31 December 2021			
Opening net book amount	640	382	1,022
Amortisation	(124)	(153)	(277)
Currency translation differences	–	(30)	(30)
Closing net book amount	516	199	715
As at 31 December 2021 and 1 January 2022			
Cost	1,365	382	1,747
Accumulated amortisation	(849)	(183)	(1,032)
Net book amount	516	199	715
Year ended 31 December 2022			
Opening net book amount	**516**	**199**	**715**
Amortisation	**(124)**	**(140)**	**(271)**
Currency translation differences	**–**	**(1)**	**(1)**
Closing net book amount	**392**	**58**	**450**
As at 31 December 2022			
Cost	**1,241**	**382**	**1,623**
Accumulated amortisation	**(849)**	**(324)**	**(1,173)**
Net book amount	**392**	**58**	**450**

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost	
	2022	2021
	RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Trade receivables	**13,303**	31,489
Other receivables and deposits	**6,253**	4,783
Amount due from a non-controlling interest	**130**	–
Restricted bank deposit	**237**	237
Cash and cash equivalents	**11,356**	32,346
Total	**31,279**	68,855

	Financial liabilities at amortised cost	
	2022	2021
	RMB'000	RMB'000
Liabilities as per consolidated statement of financial position		
Trade and other payables	**20,970**	20,820
Borrowings	**78,643**	28,676
Lease liabilities	**1,282**	4,240
Amount due to associates	**1,301**	–
Amount due to the then non-controlling interest	**1,650**	3,509
Total	**103,846**	57,245

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20 INVENTORIES

	2022	2021
	RMB'000	RMB'000
Parts and components	**8,985**	6,989
Finished goods	**75,140**	57,834
	84,125	64,823

For the year ended 31 December 2022, the cost of inventories recognised as expense and included in cost of sales and research and development expenses amounted to approximately RMB45,781,000 and RMB588,000 respectively (2021: RMB73,301,000 and Nil).

21 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	2022 RMB'000	2021 RMB'000
Trade receivables	**17,705**	33,832
Less: loss allowance	**(4,402)**	(2,343)
	13,303	31,489

The carrying amounts of the trade receivables approximate their fair value and are denominated in RMB.

The Group's credit terms to trade receivables are generally 60 to 180 days. The ageing analysis of the gross trade receivables, based on invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
1-30 days	**6,314**	22,052
31-60 days	**2,700**	3,255
61-90 days	**461**	417
Over 90 days	**8,230**	8,108
	17,705	33,832

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Movements in the Group's provision for loss allowance of trade receivables are as follows:

	2022 RMB'000	2021 RMB'000
Beginning of year	**2,343**	2,214
Increase in loss allowance recognised in profit or loss during the year	**2,059**	129
End of year	**4,402**	2,343

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in Note 3.1(b).

21 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

(b) Other receivables, deposits and prepayments

	2022 **RMB'000**	2021 RMB'000
Non-current		
Deposits	**64**	753
Current		
Prepayments	**48,960**	11,977
Deposits paid to consignment stores	**3,556**	3,542
Value added tax recoverable	**3,160**	187
Other receivables	**2,633**	488
	58,309	16,194
	58,373	16,947

The carrying amounts of other receivables, deposits and prepayments approximate their fair values and are mainly denominated in RMB.

22 RESTRICTED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

	2022 **RMB'000**	2021 RMB'000
Restricted bank deposit (Note)	**237**	237
Cash and cash equivalents		
– Cash at bank	**11,300**	32,273
– Cash on hand	**56**	73
Total cash and bank balances	**11,593**	32,583

22 RESTRICTED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS *(Continued)*

The carrying amounts of restricted bank deposit and cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	2022 **RMB'000**	2021 RMB'000
RMB	**8,167**	27,172
EURO	**1,142**	399
HK$	**2,284**	5,012
	11,593	32,583

For the year ended 31 December 2022, the bank balances generated interest at prevailing market interest rates of approximately 0.17% (2021: 0.23%) per annum.

As at 31 December 2022, the Group had cash at banks amounting to approximately RMB9,138,000 (2021: RMB27,067,000) which are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Note: As at 31 December 2022, RMB237,000 are restricted bank deposit held at bank as a security for bank borrowings of the Group (2021: Same) (Note 27).

23 ASSETS CLASSIFIED AS HELD FOR SALE

	2022 **RMB'000**	2021 RMB'000
Investment in an associate:		
Miji Xuanshang	**–**	5,747

During the year ended 31 December 2021, the Group has entered into a sale and purchase agreement to dispose of its 40% equity interest in Miji Xuanshang with a carrying amount of RMB5,747,000 to independent third parties at an aggregate cash consideration of RMB12,000,000. As such, the investment in an associate were transferred to assets classified as held for sale as at 31 December 2021. The transaction was completed in February 2022 and the Group recognised a gain on disposal of assets classified as held for sale amounted to RMB6,253,000.

Upon the completion of the above transaction, the Group ceased to have any equity interest in Miji Xuanshang.

24 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value of ordinary shares HK$
Authorised:		
As at 1 January 2021, 31 December 2021 and 2022	10,000,000,000	100,000,000

	Number of shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:				
As at 1 January 2021, 31 December 2021 and 2022	1,500,000,000	15,000	12,561	72,173

25 RESERVES

The reserve movements of the Group are as follows:

	Statutory reserves RMB'000	Exchange reserves RMB'000	Other reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
As at 1 January 2021	15,096	20	46,371	22,528	84,015
Loss for the year	–	–	–	(44,353)	(44,353)
Transfer to statutory reserves (Note i)	151	–	–	(151)	–
Transactions with a non-controlling interest (Note ii)	–	–	(26)	–	(26)
Currency translation differences	–	(102)	–	–	(102)
As at 31 December 2021	15,247	(82)	46,345	(21,976)	39,534
As at 1 January 2022	**15,247**	**(82)**	**46,345**	**(21,976)**	**39,534**
Loss for the year	**–**	**–**	**–**	**(43,213)**	**(43,213)**
Currency translation differences	**–**	**(692)**	**–**	**–**	**(692)**
As at 31 December 2022	**15,247**	**(774)**	**46,345**	**(65,189)**	**(4,371)**

Notes:

(i) In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the Articles of Association of the Group's subsidiaries incorporated in the PRC, an appropriation to the statutory reserves has to be made prior to profit distribution to the investor. The appropriation to the statutory reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

(ii) On 22 December 2021, the Group completed the acquisition of 49% equity interest in Miji Yongxing at a total consideration of RMB2,450,000. Miji Yongxing is engaged in the sale of components of cooking appliances in the PRC.

26 TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables (Note (a))	15,836	16,172
Other payables and accruals (Note (b))	11,703	10,106
	27,539	26,278

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

Notes:

(a) Trade payables

As at 31 December 2022, the ageing analysis of the trade payables, based on invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
1-30 days	8,931	12,039
31-60 days	2,887	3,221
61-90 days	2,991	527
Over 90 days	1,027	385
	15,836	16,172

(b) Other payables

	2022 RMB'000	2021 RMB'000
Accrued staff costs	2,336	1,607
Accrual for social security costs	1,913	1,716
VAT payable	2,320	2,135
Security deposit from customers	2,204	2,409
Other payables	2,930	2,239
Total	11,703	10,106

27 BORROWINGS

	2022 RMB'000	2021 RMB'000
Current		
Borrowings	**74,263**	23,629
Non-current		
Borrowings	**4,380**	5,047
	78,643	28,676

As at 31 December 2022, the borrowings amounting to RMB25,047,000 and RMB53,596,000 were carried at floating rate and fixed rate respectively (31 December 2021: RMB28,676,000 were carried at floating rate). The weighted average interest rates are 9.62% (2021: 5.1%) per annum.

	2022 RMB'000	2021 RMB'000
Borrowing – unsecured	**–**	–
Borrowing – secured	**78,643**	28,676
	78,643	28,676
Adjusted by: unamortised loan arrangement fees	**–**	–
	78,643	28,676

As at 31 December 2022, bank borrowings of RMB25,047,000 (2021: RMB28,676,000) were secured by the land use rights (Note 17), buildings (Note 15) with total value of RMB16,965,000 (2021: RMB17,845,000) and restricted bank deposit (Note 22) (2021: Same). The other borrowings of RMB53,596,000 (2021: Nil) were secured by the Company's original shares of 375,000,000 with total value of HK$37,500,000 (equivalent to RMB33,498,000).

As at 31 December 2022, the Group's borrowings were repayable as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 6 months	**26,581**	23,310
Between 6 and 12 months	**47,682**	319
Between 1 and 2 years	**708**	667
Between 2 and 5 years	**2,389**	2,253
Over 5 years	**1,283**	2,127
	78,643	28,676

28 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and the deferred income taxes relate to the same tax jurisdiction.

	2022 RMB'000	2021 RMB'000
At beginning of the year	**83**	212
Charged to consolidated statement of comprehensive income	**(344)**	(129)
At end of the year	**(261)**	83

The movements in deferred income tax assets and liabilities during the year are as follows:

	Right-of-use assets and lease liabilities RMB'000	**Elimination on unrealised profit** RMB'000	**Decelerated tax depreciation** RMB'000	**Total** RMB'000
Deferred income tax assets/(liabilities)				
As at 1 January 2021	250	118	(156)	212
Charged to the consolidated statement of comprehensive income	(65)	(11)	(53)	(129)
As at 31 December 2021	185	107	(209)	83
As at 1 January 2022	**185**	**107**	**(209)**	**83**
Charged to the consolidated statement of comprehensive income	**(124)**	**(167)**	**(53)**	**(344)**
As at 31 December 2022	**61**	**(60)**	**(262)**	**(261)**

28 DEFERRED INCOME TAX *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2022, the Group did not recognise deferred income tax assets of RMB12,210,000 (2021: RMB8,495,000) in respect of accumulated losses amounting to RMB71,251,000 (2021: RMB50,838,000) that can be carried forward against future taxable income. As at 31 December 2022, in respect of the accumulated losses, RMB773,000, RMB535,000, RMB13,063,000, RMB32,502,000 and RMB19,783,000 will expire in 2023, 2024, 2025, 2026 and 2027 respectively, while RMB4,595,000 (2021: RMB3,833,000) does not have any expiry date.

As at 31 December 2022, management is of the view that undistributed earnings totaling RMB23,385,000 (2021: RMB36,954,000) are for re-investment in the PRC subsidiaries and not for distribution. Accordingly, deferred income tax liabilities of RMB2,338,000 (2021: RMB3,695,000) have not been recognised for the withholding tax that would be payable upon distribution of profits of the subsidiaries in the PRC.

The analysis of deferred income tax assets and liabilities is as follows:

	2022 **RMB'000**	2021 RMB'000
Deferred income tax assets:		
– Recoverable within 12 months	**61**	204
– Recoverable after 12 months	**–**	88
	61	292
Deferred income tax liabilities:		
– Recoverable after 12 months	**(322)**	(209)
	(261)	83

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before income tax to cash used in operations

	2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Loss before income tax	**(43,206)**	(43,720)
Adjustments for:		
Finance income	**(62)**	(92)
Finance costs related to borrowing	**4,923**	1,298
Finance costs related to leases	**141**	213
Loss on disposal of property, plant and equipment (Note a)	**134**	5
Gain on disposal of assets classified as held for sale (Note b)	**(6,253)**	–
Loss on disposal of investment in an associate (Note b)	**3,293**	–
Depreciation of property, plant and equipment	**4,270**	4,180
Amortisation of land use rights	**211**	210
Depreciation on right-of-use assets	**2,460**	2,144
Amortisation of intangible assets	**264**	277
Net impairment losses on financial assets	**2,059**	129
Net exchange (gains)/losses	**(673)**	707
Share of net loss of associates	**393**	736
	(32,046)	(33,913)
Changes in working capital:		
Inventories	**(18,372)**	1,991
Trade receivables	**14,563**	20,883
Other receivables, deposits and prepayments	**(41,426)**	5,665
Trade and other payables	**1,922**	123
Contract liabilities	**(646)**	(1,230)
Balance with an associate	**81**	(4,458)
Net cash used in operations	**(75,924)**	(10,939)

Notes:

(a) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2022 RMB'000	2021 RMB'000
Net book amount	**206**	7
Loss on disposal of property, plant and equipment	**(134)**	(5)
Proceeds from disposal of property, plant and equipment	**72**	2

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Reconciliation of loss before income tax to cash used in operations *(Continued)*

Notes: (Continued)

(b) In the consolidated statement of cash flows, proceeds from disposal of investment in an associate and assets classified as held for sale comprise:

	2021 RMB'000
Carrying amount of investment in an associate (Note 14)	6,955
Carrying amount of assets classified as held for sale (Note 23)	5,747
	12,702
Loss on disposal of investment in an associate (Note 7) (Note 14)	(3,293)
Gain on disposal of assets classified as held for sale (Note 7)(Note 23)	6,253
Total consideration (Note 14) (Note 23)	15,662
Represented by	
Proceeds from disposal of investment in an associate	3,662
Proceeds from disposal of assets classified as held for sale	12,000
	15,662

(c) Non-cash transaction:

During the year ended 31 December 2022, no dividends payables (2021: RMB2,357,000) were transferred to the amount due to the then/a non-controlling interest.

Reconciliation of liabilities arising from financing activities

This section sets out the reconciliation of liabilities arising from financing activities for the years ended 31 December 2022 and 2021.

	Borrowings RMB'000	**Lease liabilities** RMB'000	**Amount due to the then non controlling interest** RMB'000	**Total** RMB'000
As at 1 January 2021	32,965	3,682	1,004	37,651
Financing cash flows	(4,289)	(2,618)	(2,302)	(9,209)
Addition of lease liabilities	–	2,963	–	2,963
Finance cost	–	213	–	213
Consideration payables to non-controlling interest	–	–	2,450	2,450
Dividend declared	–	–	2,357	2,357
As at 31 December 2021	28,676	4,240	3,509	36,425
As at 1 January 2022	**28,676**	**4,240**	**3,509**	**36,425**
Financing cash flows	**49,967**	**(3,099)**	**(1,859)**	**45,009**
Finance cost	**–**	**141**	**–**	**141**
As at 31 December 2022	**78,643**	**1,282**	**1,650**	**81,575**

30 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 were related parties that had transactions or balances with the Group during the year ended 31 December 2022:

Name of the related parties	Relationship with the Group
Miji Xuanshang	Associate of the Group (Note)
Shanghai Volcano Spring	Associate of the Group

Note:

During the year ended 31 December 2021, the Group has entered into a sale and purchase agreement to dispose of its 40% equity interest in Miji Xuanshang. The transaction has completed in February 2022 and Miji Xuanshang ceased to be an associate of the Group upon the completion of the transaction (Note 23).

(b) Transactions with related party

Save as disclosed elsewhere in the consolidated financial statements, during the year ended 31 December 2022, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	2022 RMB'000	2021 RMB'000
Sales of goods to		
– Miji Xuanshang	**59**	31
Purchases of goods from		
– Miji Xuanshang	**1,968**	7,606
Licensing income from		
– Miji Xuanshang	**378**	3,487
Management fee income from		
– Miji Xuanshang	**73**	440

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

30 RELATED PARTIES BALANCES AND TRANSACTIONS *(Continued)*

(c) Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2022 **RMB'000**	2021 RMB'000
Salaries, allowances and benefits in kind	**2,415**	2,008
Retirement benefit cost – defined contribution plans	**124**	103
	2,539	2,111

(d) Balances with related parties

	2022 **RMB'000**	2021 RMB'000
Amount due from/(to) associates		
Miji Xuanshang (Note i)	**–**	8
Shanghai Volcano Spring (Note ii)	**(801)**	–
Shanghai Xiaoyu (Note iii)	**(500)**	–

Note:

(i) As at 31 December 2021, the balances represent prepayment for purchase of goods.

(ii) As at 31 December 2022, the balance represents the consideration payable for the acquisition of 24% equity interest in Shanghai Volcano Spring amounted to RMB720,000 and contract liabilities amounted to RMB81,000 respectively (2021: Nil).

(iii) As at 31 December 2022, the balance represents the unpaid capital for 10% equity interest in Shanghai Xiaoyu amounted to RMB500,000 (2021: Nil).

The balances were denominated in RMB.

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2022 RMB'000	2021 RMB'000
ASSETS		
Non-current assets		
Investment in a subsidiary	**73,113**	73,113
Investment in an associate	**–**	7,348
	73,113	80,461
Current assets		
Amounts due from subsidiaries	**90,692**	34,832
Prepayments and other receivables	**228**	5,379
Cash and cash equivalents	**737**	4,846
	91,657	45,057
Total assets	**164,770**	125,518
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	**12,561**	12,561
Share premium (note)	**72,173**	72,173
Reserves (note)	**13,743**	28,872
Total equity	**98,477**	113,606
LIABILITIES		
Current liabilities		
Other payables	**1,562**	1,600
Borrowings	**53,596**	–
Amount due to a subsidiary	**11,135**	10,312
	66,293	11,912
Total liabilities	**66,293**	11,912
Total equity and liabilities	**164,770**	125,518

The statement of financial position of the Company was approved by the Boards of directors on 31 March 2023 and were signed on its behalf.

Madam Maeck Can Yue
Director

Mr. Wu Huizhang
Director

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

Note:

Share premium and reserves movement of the Company

	Share premium RMB'000	Other reserves RMB'000 (Note (a))	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2021	72,173	73,113	(30,954)	114,332
Loss for the year	–	–	(13,287)	(13,287)
As at 31 December 2021	72,173	73,113	(44,241)	101,045
As at 1 January 2022	**72,173**	**73,113**	**(44,241)**	**101,045**
Loss for the year	**–**	**–**	**(15,129)**	**(15,129)**
As at 31 December 2022	**72,173**	**73,113**	**(59,370)**	**85,916**

Note (a): The investment in a subsidiary was accounted for using the net asset value at the date of the reorganisation. The difference between the net asset value and the nominal value of issued share capital for the acquisition amounted to approximately RMB73,113,000 was credited as other reserves.

32 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

For the year ended 31 December 2022:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its Subsidiary undertaking RMB'000	Total RMB'000
Executive directors									
Madam Maeck Can Yue (Chairperson)	–	1,041	–	–	–	–	–	–	1,041
Mr. Michel Walter Ludwig	–	97	–	–	–	–	–	–	97
Mr. Wu Huizhang	–	–	–	–	–	–	–	–	–
	–	1,138	–	–	–	–	–	–	1,138
Independent non-executive directors									
Mr. Wang Shih-Fang	104	–	–	–	–	–	–	–	104
Mr. Yan Chi Ming	104	–	–	–	–	–	–	–	104
Mr. Hooi Hing Lee	104	–	–	–	–	–	–	–	104
Mr. Gu Qing	52	–	–	–	–	–	–	–	52
Mr Li Wei	–	–	–	–	–	–	–	–	–
Total	364	1,138	–	–	–	–	–	–	1,502

32 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 December 2021:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its Subsidiary undertaking RMB'000	Total RMB'000
Executive directors									
Madam Maeck Can Yue (Chairperson)	–	660	–	–	–	–	–	–	660
Mr. Michel Walter Ludwig	–	381	–	–	–	–	–	–	381
Mr. Wu Huizhang	–	–	–	–	–	–	–	–	–
	–	1,041	–	–	–	–	–	–	1,041
Independent non-executive directors									
Mr. Wang Shih-Fang	100	–	–	–	–	–	–	–	100
Mr. Yan Chi Ming	100	–	–	–	–	–	–	–	100
Mr. Hooi Hing Lee	100	–	–	–	–	–	–	–	100
Mr. Gu Qing	100	–	–	–	–	–	–	–	100
Mr Li Wei	–	–	–	–	–	–	–	–	–
Total	400	1,041	–	–	–	–	–	–	1,441

Mr. Wu Huizhang and Mr. Li Wei were appointed as the Company's executive director and independent non-executive director respectively on 25 January 2021.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2021: Same).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2021: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2021: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2022, the Company did not pay consideration to any third parties for making available directors' services (2021: Nil).

32 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 29, there are no loans, quasi-loans and other dealing in favour of directors, controlling bodies corporate by and connected entities with such directors during the year ended 31 December 2022 (2021: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2022 (2021: Nil).

33 NON-CONTROLLING INTEREST ("NCI") AND AMOUNT DUE FROM/(TO) A/THE THEN NCI

(a) Transaction with non-controlling interests

On 22 October 2021, Miji Shanghai, an indirect wholly-own subsidiary of the Company, and 上海甬興塑膠有限公司 ("Shanghai Yongxing Plastic Company Limited") (The "Vendor") entered in to a sale and purchase agreement, pursuant to which Miji Shanghai agreed to acquire, and the Vendor agreed to sell 49% equity interest held by the Vendor in Miji Yongxing, at the consideration of RMB2,450,000. This transaction was completed on 22 December 2021 and Miji Yongxing became an indirect wholly-owned subsidiary of the Company upon completion.

On 8 September 2022, Miji Shanghai, an indirect wholly-own subsidiary of the Company, and WANG Qiang (The "Vendor") entered in to a sale and purchase agreement, pursuant to which Miji Shanghai agreed to acquire, and the Vendor agreed to sell 20% equity interest held by the Vendor in Beijing Miji Electronics and Appliances Limited ("Beijing Miji"), at the consideration of RMB200,000. Upon the completion, Beijing Miji will become an indirect wholly-owned subsidiary of the Company.

As at 31 December 2022, the Group still hold 80% equity interest in Beijing Miji as the transaction has not yet completed as at 31 December 2022.

The effect on the equity attributable to the owners of the Group during the year of 2021 is summarized as follows:

	2021 RMB'000
Carrying amount of non-controlling interests acquired	
Consideration paid to non-controlling interests	(2,450)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(26)

There were no transactions with non-controlling interests in 2022.

33 NON-CONTROLLING INTEREST ("NCI") AND AMOUNT DUE FROM/(TO) A/THE THEN NCI *(Continued)*

(b) Amount due from a NCI

The amount due from a NCI is unsecured, interest-free and repayable on demand (2021: Nil).

As at 31 December 2022, the amount due from a NCI represent the prepayment of the consideration for the acquisition of 20% equity interest in Beijing Miji amounted to RMB130,000 (2021: Nil). The balance was denominated in RMB.

(c) Amount due to the then NCI

The amount payable to then NCI are unsecured, interest-free and repayable on demand (2021: Same).

As at 31 December 2022, the amount payable to the then NCI represent consideration payable for the acquisition of 49% equity interest in Miji Yongxing amounted to RMB1,650,000 (2021: the dividend payables and consideration payable for the acquisition of 49% equity interest in Miji Yongxing amounted to RMB1,059,000 and RMB2,450,000 respectively). The balance was denominated in RMB.

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) Subsequent to the reporting period, the Company has been informed by Wide Big Investment Limited (the "Vendor"), a substantial shareholder of the Company, that on 16 January 2023, that it has entered into a placing agreement dated 16 January 2023 (the "Placing Agreement") with Kingston Securities Limited (the "Placing Agent") as the placing agent, in relation to the placing (the "Placing") on a best effort basis of up to 397,700,000 shares (the "Placing Share(s)") of the Company (representing approximately 26.51% of the total issued shares of the Company as at the date of the Placing Agreement) held by the Vendor at HK$0.065 per Placing Share to the placees procured and identified by the Placing Agent (the "Placee(s)"). The placing has completed on 30 January 2023.

Immediately upon the completion of the Placing, the Vendor (a company directly wholly-owned by Madam Maeck Can Yue, the chairperson and an executive director of the Company) no longer holds any shares of the Company and ceases to be a shareholder of the Company.

(ii) On 15 February 2023, the Company proposed to change its English name from "Miji International Holdings Limited" to "Volcano Spring International Holdings Limited" and the dual foreign name in Chinese of the Company from "米技國際控股有限公司" to "火山邑动国际控股有限公司".