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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1715)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2022	2021
Revenue (RMB'000)	88,186	143,873
Gross profit (RMB'000)	38,487	65,270
Gross profit margin (%)	43.6%	45.4%
Net loss for the year (RMB'000)	(43,550)	(43,894)
Loss per share		
– Basic and diluted (RMB cents)	(2.88)	(2.96)

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Miji International Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”). These results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Revenue	3	88,186	143,873
Cost of sales	4	(49,699)	(78,603)
Gross profit		38,487	65,270
Other income		2,602	4,829
Other gains/(losses), net		2,073	(812)
Selling and distribution expenses	4	(42,450)	(73,015)
Administrative expenses	4	(28,470)	(27,173)
Research and development expenses	4	(7,994)	(10,535)
Net impairment losses on financial assets		(2,059)	(129)
Operating loss		(37,811)	(41,565)
Finance income		62	92
Finance costs		(5,064)	(1,511)
Finance costs, net		(5,002)	(1,419)
Share of net loss of associates		(393)	(736)
Loss before income tax		(43,206)	(43,720)
Income tax expense	5	(344)	(174)
Loss for the year		(43,550)	(43,894)
Other comprehensive loss: <i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(692)	(102)
Total comprehensive loss for the year		(44,242)	(43,996)

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss)/profit attributable to:			
Owners of the Company		(43,213)	(44,353)
Non-controlling interests		(337)	459
		<u>(43,550)</u>	<u>(43,894)</u>
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(43,905)	(44,455)
Non-controlling interests		(337)	459
		<u>(44,242)</u>	<u>(43,996)</u>
Loss per share attributable to owners of the Company for the year			
Basic and diluted (<i>RMB cents</i>)	6	<u>(2.88)</u>	<u>(2.96)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

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

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		64	1,282
Borrowings		4,380	5,047
Deferred income tax liabilities		261	–
		<u>4,705</u>	<u>6,329</u>
Current liabilities			
Trade and other payables	9	27,539	26,278
Borrowings		74,263	23,629
Lease liabilities		1,218	2,958
Amount due to associates		1,301	–
Amount due to the then non-controlling interest		1,650	3,509
Contract liabilities		2,776	3,422
Current income tax liabilities		446	450
		<u>109,193</u>	<u>60,246</u>
Total liabilities		<u>113,898</u>	<u>66,575</u>
Total equity and liabilities		<u>193,804</u>	<u>190,723</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(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

3 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 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue		
Sales of goods	<u>88,186</u>	<u>143,873</u>
Timing of revenue recognition		
At a point in time	<u>88,186</u>	<u>143,873</u>

(b) **Liabilities related to contracts with customers**

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contract liabilities – sales of goods (<i>Note</i>)	<u>2,776</u>	<u>3,422</u>

Note:

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 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of goods	<u>3,422</u>	<u>4,652</u>

4 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 <i>RMB'000</i>	2021 <i>RMB'000</i>
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	4,270	4,180
Depreciation of right-of-use assets	2,460	2,144
Amortisation of land use rights	211	210
Amortisation of intangible assets	264	277
Employee benefit expenses (including directors' emoluments)	25,874	30,108
Consignment fee	14,018	25,377
Short-term lease expenses	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
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses, research and development expenses and administrative expenses	128,613	189,326

5 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong during the years ended 31 December 2022 and 2021.

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. The PRC corporate income tax rate of all the PRC subsidiaries during the years ended 31 December 2022 and 2021, was 25% except for Miji Electronics and Appliances (Shanghai) Ltd (“**Miji Shanghai**”) whose corporate income tax rate was 15% as Miji Shanghai has obtained the High New Technology Enterprise Certificate.

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax	–	45
Deferred income tax	344	129
	<hr/>	<hr/>
	344	174

6 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 (<i>RMB'000</i>)	<u>(43,213)</u>	<u>(44,353)</u>
Weighted average number of ordinary shares in issue	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Basic loss per share (<i>RMB cents</i>)	<u>(2.88)</u>	<u>(2.96)</u>

(b) Diluted

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

7 TRADE RECEIVABLES

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

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

8 RESTRICTED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

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

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

9 TRADE PAYABLES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
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
	<hr/>	<hr/>
	<u>15,836</u>	<u>16,172</u>

10 DIVIDENDS

No dividend was declared by the Company for the years ended 31 December 2022 and 2021.

11 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 “火山邑動國際控股有限公司”.

MANAGEMENT DISCUSSION AND 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.

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.

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	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
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 (<i>Note</i>)	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	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
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	<u>38,487</u>	<u>43.6</u>	<u>65,270</u>	<u>45.4</u>

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 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.

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 announcement, 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.

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.

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

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

SHARE OPTION SCHEME

The Group has adopted a share option scheme pursuant to which the Company may grant options to eligible persons. The maximum number of shares which may be issued upon exercise of all options to be granted under this share option scheme and any other schemes of the Group shall not in aggregate exceed 150,000,000, being 10% of the shares in issue as at 16 July 2018. There is no option outstanding, granted, exercised, cancelled and lapsed during the Reporting Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions upon successful listing and all Directors have confirmed, upon specific enquiry made, that they complied with the Model Code for the Reporting Period.

CORPORATE GOVERNANCE

The Board adopted a set of corporate governance practices which aligns with or is more restrictive than the requirements set out in the Corporate Governance Code (the "**CG Code**"), contained in Appendix 14 to the Listing Rules. Except for code provision 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 Reporting Period.

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.

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

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.

AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with the CG Code. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting system, risk management and internal control systems, and has reviewed the Group's annual results for the Reporting Period. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

SCOPE OF WORK OF CONPAK

The figures in respect of this announcement of the Group's results for the Reporting Period have been agreed by the Company's external auditor, Conpak CPA Limited ("**Conpak**"), to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Conpak in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Conpak on this announcement.

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.

Save as disclosed herein, the Group does not have any important events after the year ended 31 December 2022 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.mijiholdings.com>). The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Madam Maeck Can Yue and Mr. Wu Huizhang; the independent non-executive Directors are Mr. Wang Shih-fang, Mr. Yan Chi Ming, Mr. Hooi Hing Lee and Mr. Li Wei.

* *For identification purpose only*