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## **MIKO INTERNATIONAL HOLDINGS LIMITED**

### **米格國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1247)**

### **CHANGE IN USE OF PROCEEDS**

The Board has resolved to change the use of a portion of the net proceeds from the Global Offering originally allocated for establishing not more than 50 self-operated retail stores by the end of 2014 to marketing and promotional activities.

References are made to the prospectus of Miko International Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) dated 31 December 2013 (the “Prospectus”) and the announcement of results for the year ended 31 December 2014 dated 18 March 2015 (the “2014 Final Results Announcement”).

As set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the net proceeds from the Hong Kong public offering and the international placing of shares of the Company (the “Global Offering”) for the following purposes:

- Approximately 32.1% of the net proceeds for establishing self-operated retail stores;
- Approximately 26.9% of the net proceeds for the enhancement of design and research and development capabilities in our design center in Shanghai;
- Approximately 4.2% of the net proceeds for the recruitment of at least 30 additional design and research and development staff;
- Approximately 6.5% of the net proceeds for holding the joint programs with established universities in the PRC and international corporations;
- Approximately 20.3% of the net proceeds for establishing an ERP system;
- Approximately 5.0% of the net proceeds for the use of marketing and promotional activities; and
- Approximately 5.0% of the net proceeds for the use of working capital and general corporate purposes.

As set out in the paragraph headed “Use of Proceeds” in the 2014 Final Results Announcement, the details of the utilized and unutilized net proceeds of the Group as at 31 December 2014 were as follows:

	Percentage to the net proceeds	Net proceeds RMB'million	Utilized amount RMB'million	Unutilized amount (Note 2) RMB'million
Establish self-operated retail stores (Note 1)	32.1%	91.5	—	91.5
Enhance design and research and development capabilities in our design center in Shanghai	26.9%	76.7	—	76.7
Recruit at least 30 additional design and research and development staff	4.2%	12.0	0.7	11.3
Joint programs with established universities in the PRC and international corporations	6.5%	18.5	—	18.5
Establish an ERP system	20.3%	57.9	3.3	54.6
Marketing and promotional activities	5.0%	14.2	14.2	—
Working capital and general corporate purposes	5.0%	14.2	14.2	—
	<u>100.0%</u>	<u>285.0</u>	<u>32.4</u>	<u>252.6</u>

Notes:

- (1) The establishment of 10 self-operated retail stores are being processed at the date of the 2014 Final Results Announcement. It is expected that these 10 self-operated retail stores will commence their businesses by the end of June 2015. Initial set up cost and working capital requirements for establishing each of these self-operated retail stores are currently expected to be approximately RMB0.8 million to RMB1.0 million.
- (2) The unutilized net proceeds have been placed in short-term deposits with licensed banking institutions in Hong Kong and China.

### Reason for Change in Use of Proceeds

As mentioned in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Group expected to establish not more than 50 self-operated retail stores by the end of 2014 and budgeted total expenditure for establishment of self-operated retail stores for 2014 was no more than RMB40.0 million.

The board of directors of the Company (the “Board”) had been looking for suitable location to establish self-operated retail stores in 2014. Nevertheless, by the end of 2014, the Board had only approved the establishment of 10 self-operated retail stores throughout, with the estimated set up costs and working capital requirements totaling approximately RMB9.0 million. The establishment of these 10 self-operated retail stores are being processed at the date of this announcement.

As a result, out of the RMB40.0 million budgeted for establishment of self-operated retail stores in 2014, RMB31.0 million remained unutilized as at the end of 2014.

To more efficiently utilize the net proceeds from the Global Offering and facilitate the efficient allocation of financial resources of the Company, the Board resolved to change the aforesaid unutilized net proceeds of approximately RMB31.0 million to marketing and promotional activities aimed at improving our brand value and ensuring our significant presence in third- and fourth- tier cities in China.

The Board considers that the above changes in the use of proceeds is fair and reasonable and in the interests of the Company and its shareholders as a whole.

By order of the Board  
**Miko International Holdings Limited**  
**Ding Peiji**  
*Chairman*

Hong Kong, 18 March 2015

*As at the date of this announcement, the Directors are:*

*Executive Directors:*

Mr. Ding Peiji, Mr. Ding Peiyuan,  
Ms. Ding Lizhen, Mr. Gu Jishi

*Independent non-executive Directors:*

Mr. Leung Wai Yip, Mr. Mei Wenjue,  
Mr. Zhu Wenxin