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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)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF DISTRIBUTION CHANNELS IN CERTAIN CITIES OF FUJIAN PROVINCE AND RESUMPTION OF TRADING**

### **ACQUISITION**

The Board is pleased to announce that on June 23, 2015, (i) Quanzhou Tuoyu Trade Co., Ltd. (as Purchaser), (ii) Red Kids China, and (iii) Quanzhou City Rui Hong Apparel Trading Co., Ltd. (as Seller) entered into the Acquisition Agreement to acquire the Distribution Channels at a consideration of RMB89,372,000.

### **LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios stipulated under Chapter 14 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 23 June 2015 pending the publication of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 24 June 2015.

## THE ACQUISITION AGREEMENT

The Board is pleased to announce that on June 23, 2015, (i) Quanzhou Tuoyu Trade Co., Ltd. (as Purchaser), (ii) Red Kids China, and (iii) Quanzhou City Rui Hong Apparel Trading Co., Ltd. (as Seller) entered into the Acquisition Agreement to acquire the Distribution Channels. The major terms of the Acquisition Agreement are set out below:

- Date** : June 23, 2015
- Parties** : Seller: Quanzhou City Rui Hong Apparel Trading Co., Ltd.
- Purchaser: Quanzhou Tuoyu Trade Co., Ltd., an indirect wholly-owned subsidiary of the Company
- Wholesaler: Red Kids China, an indirect wholly-owned subsidiary of the Company
- Subject Matter** : The Distribution Channels, being 51 distribution channels operated by Seller in Fuzhou and Quanzhou cities of Fujian Province that sell the children's apparel of the Group's "redkids" brand and other assets relating to such business (including but not limited to fixed assets, decorations, display cabinets, display racks, lightings, and sound systems)
- Delivery of the Subject Matter** : Transfer of the Distribution Channels shall take place in 2 phases. The first phase will involve the transfer of 25 distribution channels to Purchaser, which shall take place within 3 months from the date of signing of the Acquisition Agreement. The second phase will involve the transfer of remaining 26 distribution channels to Purchaser, which shall take place on or before December 31, 2015.
- Termination of the Distributorship** : In connection with the Acquisition, Red Kids China shall terminate Seller's exclusive distributorship of the "redkids" brand in Fuzhou and Quanzhou cities of Fujian Province pursuant to the Acquisition Agreement.
- Consideration** : RMB89,372,000
- The consideration for acquiring the Distribution Channels was determined on an arm's length basis and normal commercial terms, and taking into account, among other things, the valuation of the assets of the Distribution Channels mainly comprising of decorations, display cabinets and display racks of approximately RMB49.9 million which was mutually agreed between the parties. The consideration will be settled by cash in three tranches as set out below.
- Terms of Payment** : First payment of RMB35,748,800, representing 40% of the consideration, shall be payable to Seller no later than June 30, 2015.

Second payment of RMB35,748,800, representing 40% of the consideration, shall be payable to Seller no later than 30 Business Days after Purchaser has taken delivery of the 25 distribution channels in the first phase.

Remaining balance of RMB17,874,400, representing 20% of the consideration, shall be payable to Seller no later than 30 Business Days after Purchaser has taken over all 51 distribution channels.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

### **New O2O operating model**

In the era of Internet and with the emergence of mobile Internet, the shopping habits and lifestyle of consumers have been changed to a large extent. The Acquisition is made in line with the development trend on big data and mobile Internet, in which the Group will offer better shopping experience and interactions for consumers through the integration of traditional stores and online stores, and establish horizontal integration of the content and resources related to parenting. The Group will have direct access to the consumption patterns, information and data of consumers, which will in turn facilitate the Group to enhance its product design, marketing response and planning.

The Group provides products and services information to end customers through the application of mobile Internet, and in the meantime, establishes closer relationship and connection with end customers. As such, the number of loyal customers of the Group will increase rapidly and the Group can build a new online-to-offline (O2O) operating model, pursuant to which an alignment on products, services, sales and logistics will be achieved.

The consideration of RMB89,372,000 will be funded by internal resources of our Group. The Directors consider that, as the Distribution Channels will be operated by the Group upon completion of the Acquisition, the Group can sell its products through the Distribution Channels directly to end customers at retail price, instead of selling to distributors at wholesale price as in the case of other distribution channels not owned and operated by the Group, and such change is expected to be beneficial to the gross profit and net profit margins of our Group.

The Board also considers that the terms of the Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

### **INFORMATION ABOUT THE SELLER**

Seller is a company with limited liability incorporated under the laws of the PRC. It is one of the distributors of our Group. The principal activities of Seller are wholesaling and retailing of “redkids” branded children’s apparels through its retail outlets in Fuzhou and Quanzhou cities of Fujian Province.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Seller and the ultimate beneficial owners of Seller are third parties independent of the Company and connected persons of the Company.

## INFORMATION ABOUT THE GROUP

The Group is one of the leading mid-to-high end children's apparel brands in the PRC. It designs, develops, produces, markets and distributes children's apparel. In 2013, the Group was awarded the "Top Ten Brands for Children's Apparel in China" (中國十大童裝品牌) issued by the China National Garment Association (中國服裝協會). As at December 31, 2014, the Group, its distributors and sub-distributors owned and operated more than 620 retail stores in the PRC.

## LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios stipulated under Chapter 14 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 23 June 2015 pending the publication of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 24 June 2015.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Acquisition"	the sale and purchase of the Distribution Channels pursuant to the terms of the Acquisition Agreement.
"Acquisition Agreement"	the business acquisition agreement dated June 23, 2015 entered into between Purchaser, Red Kids China and Seller in respect of the acquisition of Distribution Channels.
"Board"	the board of directors of the Company.
"Business Day"	a day other than a Saturday, a Sunday or a public holiday in the PRC, on which banks are open in the PRC to the general public for business.
"Company"	Miko International Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on The Stock Exchange of Hong Kong Limited.
"Directors"	the directors of the Company.
"Distribution Channels"	51 distribution channels operated by Seller in Fuzhou and Quanzhou cities of Fujian Province that sell the children's apparel of the "redkids" brand and other assets relating to such business (including but not limited to fixed assets, decorations, display cabinets, display racks, lightings, and sound systems).
"Group"	the Company and its subsidiaries.

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“PRC”	the People’s Republic of China.
“Purchaser”	Quanzhou Tuoyu Trade Co., Ltd. (泉州拓宇貿易有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on April 15, 2015 and an indirectly wholly-owned subsidiary of the Company.
“Red Kids China”	Red Kids (China) Co., Ltd. (紅孩兒(中國)有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on January 20, 2000 and an indirect wholly-owned subsidiary of the Company.
“RMB”	Renminbi, the lawful currency of the PRC.
“Seller”	Quanzhou City Rui Hong Apparel Trading Co., Ltd. (泉州市銳紅服飾商貿有限公司), a company with limited liability incorporated under the laws of the PRC, and one of the distributors of our Group.
“%”	per cent.

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

Quanzhou, China, June 23, 2015

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

*Executive Directors:* Mr. Ding Peiji, Mr. Ding Peiyuan,  
Ms. Ding Lizhen and Mr. Gu Jishi

*Independent non-executive Directors:* Mr. Leung Wai Yip, Mr. Mei Wenjue and  
Mr. Zhu Wenxin