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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

- Turnover decreased by approximately 26.4% for the year ended 31 December 2015 driven by further slowdown of the consumer market growth in the PRC which impacted sales performance.
- Gross profit and gross profit margin decreased by approximately 29.3% and 1.4%, respectively, for the year ended 31 December 2015.
- Profit for the year attributable to shareholders decreased by approximately 78.0%.

FINANCIAL HIGHLIGHTS

	2015 *RMB'000*	2014 *RMB'000*	*Change*
Turnover	**585,698**	795,699	–26.4%
Gross profit	**212,446**	300,332	–29.3%
Profit for the year attributable to shareholders of the Company	**30,338**	137,914	–78.0%
Earnings per share *(RMB cents)*			
— Basic	**4**	17	
— Diluted	**4**	17	
Gross profit margin	**36.3%**	37.7%	
Net profit margin	**5.2%**	17.3%	

ANNUAL RESULTS

The board (the "**Board**") of directors ("**Directors**") of Miko International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2015 (the "**FY2015**") which has been reviewed and approved by the Audit Committee, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015 (Expressed in Renminbi)

	Note	**2015** *RMB'000*	2014 *RMB'000*
Turnover	3	**585,698**	795,699
Cost of sales		**(373,252)**	(495,367)
Gross profit		**212,446**	300,332
Other revenue	4	**7,605**	2,865
Other net gain/(loss)	4	**1,079**	(1,578)
Impairment loss recognised on property, plant and equipment		**(15,761)**	—
Selling and distribution expenses		**(92,378)**	(57,935)
Administrative and other operating expenses		**(37,959)**	(46,956)
Profit from operations		**75,032**	196,728
Finance costs	5(a)	**(3,111)**	(3,409)
Profit before taxation	5	**71,921**	193,319
Income tax	6(a)	**(41,583)**	(55,405)
Profit for the year attributable to shareholders of the Company		**30,338**	137,914
Other comprehensive (loss)/income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(638)**	629
Total comprehensive income for the year attributable to shareholders of the Company		**29,700**	138,543
Earnings per share ***(RMB cents)***			
— Basic	7(a)	**4**	17
— Diluted	7(b)	**4**	17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015 (Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**80,904**	56,022
Construction in progress		**1,272**	—
Intangible assets	8	**61,628**	490
Lease prepayments		**2,853**	2,941
Deposits for purchase of property, plant and equipment		**6,400**	92,000
Deposits for purchase of an intangible asset		**—**	3,300
Deposits for acquisition of distribution channels	9	**33,384**	—
Goodwill	10	**15,095**	—
Deferred tax assets		**2,258**	2,843
		203,794	157,596
Current assets			
Inventories		**43,231**	41,783
Trade and other receivables	11	**310,321**	333,226
Pledged bank deposits		**55,082**	2,000
Fixed deposits at banks with original maturity over three months		**—**	52,680
Cash and cash equivalents		**446,244**	432,384
		854,878	862,073
Current liabilities			
Bank loans		**57,724**	37,700
Trade and other payables	12	**47,506**	38,865
Current tax payable		**8,942**	16,643
		114,172	93,208
Net current assets		**740,706**	768,865
Total assets less current liabilities		**944,500**	926,461
Non-current liabilities			
Deferred tax liabilities		**1,300**	1,300
Net assets		**943,200**	925,161
Equity			
Share capital		**6,483**	6,483
Reserves		**936,717**	918,678
Total equity		**943,200**	925,161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Miko International Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at Room 1601, Ho King Commercial Centre, 2–16 Fa Yuen Street, Mong Kok, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of design, manufacture and sales of children apparel products. There were no significant changes in the nature of the Group's principal activities during the year.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules") and by Hong Kong Companies Ordinance (Cap. 622) (the "new CO").

The provisions of the new CO regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended December 31, 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended December 31, 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended December 31, 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or the Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand.

RMB is the functional currency for the Company's subsidiaries established in mainland China. The functional currency of the Company and the Company's subsidiaries outside mainland China are Hong Kong Dollars ("HK$").

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs and one Interpretation that are first effective for the current accounting period of the Group:

— Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions

— *Annual Improvements to IFRSs 2010–2012 Cycle*

— *Annual Improvements to IFRSs 2011–2013 Cycle*

These developments have had no material impact on the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER AND SEGMENT INFORMATION

The principal activities of the Group are design, manufacture and sales of children apparel products. Turnover represents the sales value of goods sold less returns, discounts and value added taxes.

Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segments.

	Wholesalers		**Retail outlets**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**583,689**	795,699	**2,009**	—	**585,698**	795,699
Inter-segment revenue	**7,355**	—	**—**	—	**7,355**	—
Reportable segment revenue	**591,044**	—	**2,009**	—	**593,053**	795,699
Segment results	**95,390**	208,073	**(2,358)**	—	**93,032**	215,171
Other revenue					**69**	2,865
Other net loss					**—**	(1,578)
Impairment loss recognised on property, plant and equipment					**(15,761)**	—
Central administration costs					**(5,383)**	(19,730)
Finance costs					**(36)**	(3,409)
Profit before taxation					**71,921**	193,319

All of the segment revenue reported above are generated from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies to the consolidated financial statements. Segment results represent the profit/(loss) recorded by each segment without allocation of other revenue, other net gain/(loss), impairment loss of property, plant and equipment and central administrative costs including directors' remuneration, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities:

	Wholesalers		Retail outlets		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**935,431**	1,008,889	**91,056**	—	**1,026,487**	1,008,889
Unallocated assets					**32,185**	10,780
Total assets					**1,058,672**	1,019,669
Segment liabilities	**99,783**	92,460	**253**	—	**100,036**	92,460
Unallocated liabilities					**15,436**	2,048
Total liabilities					**115,472**	94,508

For the purpose of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than assets held by the Company and its subsidiaries which the role are investment holding company. Goodwill is allocated to reportable segments; and

— all liabilities are allocated to reportable segments other than liabilities held by the Company and its subsidiaries which the role are investment holding company.

Geographical information:

The Group's revenue by geographical location is determined by the destination to which the goods are delivered.

	2015	2014
	RMB'000	*RMB'000*
PRC	**585,698**	795,699
Overseas	**—**	—
	585,698	795,699

Information about major customers:

Revenue from major customers contributing over 10% of the turnover of the Group, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Customer A	**100,489**	162,078
Customer B*	**—**	89,641
Customer C	**73,892**	—

* No information on turnover for the current year is disclosed for this customer since it contributed less than 10% to the Group's turnover for the year ended 31 December 2015.

4 OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	2015 RMB'000	2014 RMB'000
Other revenue		
Interest income	**3,576**	1,794
Government grants*	**3,820**	846
Others	**209**	225
	7,605	2,865
Other net gain/(loss)		
Net foreign exchange gain/(loss)	**514**	(985)
Change in fair value of a foreign exchange forward contract	**565**	(593)
	1,079	(1,578)

* Various government grants have been received for awarding the Group's achievements and contributions. There are no unfulfilled conditions or contingencies relating to these grants.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2015 RMB'000	2014 RMB'000
(a) Finance costs:		
Interest on bank loans	**3,111**	3,409
(b) Staff costs:		
Contributions to defined contribution retirement plans	**3,191**	1,908
Salaries, wages and other benefits	**41,258**	46,509
Equity-settled share-based payment expenses	**1,350**	3,436
	45,799	51,853
(c) Other items:		
Amortisation		
— lease prepayments	**88**	88
— intangible assets	**2,534**	50
Depreciation	**4,698**	3,172
Auditors' remuneration	**4,500**	2,450
Loss on disposal of property, plant and equipment	**2,102**	—
Impairment loss of property, plant and equipment	**15,761**	—
Operating lease charges in respect of properties	**1,555**	1,704
Research and development expenses	**8,783**	4,533
Cost of inventories sold#	**373,252**	495,367

Cost of inventories for the year ended 31 December 2015 includes RMB24,308,000 (2014: RMB28,012,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately in notes 5(b) and (c) above for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
— PRC corporate income tax	**40,930**	54,843
Under-provision in prior year	**67**	—
Deferred tax		
— Origination of temporary differences	**586**	562
	41,583	55,405

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**71,921**	193,319
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	**18,435**	52,974
Tax effect of income and expenses not taxable or deductible for tax purpose	**19,649**	85
Tax effect of unused tax losses not recognised	**3,432**	1,046
Under-provision in prior year	**67**	—
Withholding tax effect of undistributed profits retained by PRC subsidiaries *(Note (iv))*	**—**	1,300
Actual tax expense	**41,583**	55,405

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or BVI.

(ii) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax in 2014 and 2015.

(iii) The applicable income tax rate for all of the Group's subsidiaries in mainland China is 25%.

(iv) According to the PRC Corporate Income Tax Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. A rate of 10% is applicable to the calculation of the PRC dividend withholding tax of the Group. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from the Group's PRC subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of RMB30,338,000 (2014: RMB137,914,000) and the weighted average of 824,000,000 ordinary shares (2014: 816,482,000 ordinary shares).

Weighted average number of ordinary shares

	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**824,000**	640,000
Effect of shares issued by global offering	**—**	176,482
Issued ordinary shares at 31 December	**824,000**	816,482

(b) Diluted earnings per share

The effect of the Company's share options was anti-dilutive for the year ended 31 December 2015, and therefore, diluted earnings per share are the same as the basic earnings per share. (2014: Same)

8 INTANGIBLE ASSETS

	Computer software	**Distribution channels**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2014	639	—	639
Additions	5	—	5
At 31 December 2014 and 1 January 2015	644	—	644
Additions	27,798	—	27,798
Acquisition *(Note 14)*	—	35,874	35,874
At 31 December 2015	28,442	35,874	64,316
Accumulated amortisation:			
At 1 January 2014	104	—	104
Charge for the year	50	—	50
At 31 December 2014 and 1 January 2015	154	—	154
Charge for the year	525	2,009	2,534
At 31 December 2015	679	2,009	2,688
Net book value:			
At 31 December 2015	27,763	33,865	61,628
At 31 December 2014	490	—	490

The amortisation for the year is included in selling and distribution expenses and administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

The following useful lives are used in the calculation of amortisation:

Computer software	10 years
Distribution channels	2–4¼ years

Distribution channels

On December 2014, Red Kids (China) Limited (the "Red Kids (China)") and two independent third parties, Quanzhou City Rui Hong Apparel Trading Co., Ltd. and Jiangsu Xiaopier Children Apparel Trading Limited* (江蘇小皮爾童裝貿易有限公司) (the "Distributors"), entered into distributor contracts. According to the distributor contracts, the Red Kids (China) granted two independent third parties the exclusive distributorship of the "redkids" brand in the authorized geographic area. The Distributors have the rights to open new retail stores and develop the distribution network in the authorized areas to sell "redkids" products manufactured by the Red Kids China. The contractual terms are from 1 January 2015 to 31 December 2019.

During the year, Quanzhou Tuoyu Trade Company Limited (the "Quanzhou Tuoyu"), an indirect wholly owned subsidiary of the Company, and the Red Kids (China) entered into acquisition agreements with the Distributors to acquire their distribution channels. For the further detail of the acquisition of distribution channels, please refer to the note 14 of this announcement.

Based on the authorised distribution period granted to the Distributor by the Red Kids (China), the distribution channels is a key identifiable intangible asset that arises from contractual rights during the remaining contractual period which planned to be acquired by the Quanzhou Tuoyu.

The fair value of distribution channels as at the date of the completion of the acquisition of distributions channels is based the Multi-period Excess Earning Model method. The fair value of the distribution channels is the sum of discounted present value of the projected annual excess earnings throughout its remaining legal useful life.

* *The English name is for identification only*

9 DEPOSITS FOR ACQUISITION OF THE BUSINESS ON THE DISTRIBUTION CHANNELS

Regarding the acquisition of the business on the distribution channels from Rui Hong (the "**Acquisition**"), the Red Kids (China) had made payments on behalf of the Quanzhou Tuoyu to the Rui Hong in the total amount of RMB71,498,000. On September 2015, the transfer of 26 distribution channels was taken place and an amount of RMB38,114,000 was recognised as consideration paid the Acquisition. The remaining payments were recognised as deposits for the Acquisition of the remaining distribution channels and the transfer of the remaining distribution channels was taken place on 30 June 2016. Please refer to note 15.

10 GOODWILL

	RMB'000
Cost:	
At 1 January 2014, 31 December 2014 and 1 January 2015	—
Acquisition	15,095
At 31 December 2015	15,095
Accumulated impairment:	
At 1 January 2014, 31 December 2014 and 1 January 2015	—
Impairment for the year	—
At 31 December 2015	—
Net book value:	
At 31 December 2015	15,095
At 31 December 2014	—

Note:

Goodwill arose from the acquisitions of distribution channels which has completed on 30 September 2015 and 31 December 2015. Goodwill was allocated to the groups of cash-generating units identified according to the operations, which was substantially allocated to the investment in retails outlets.

11 TRADE AND OTHER RECEIVABLES

	2015 *RMB'000*	2014 *RMB'000*
Trade receivables		
— third parties	**251,071**	283,201
— related parties	**—**	8,542
Trade receivables	**251,071**	291,743
Prepayments to suppliers	**24,313**	40,802
Other deposits, prepayments and receivables	**34,937**	681
	310,321	333,226

Normally, the Group does not obtain collateral from customers. Credit evaluations are performed by the senior management on all customers with credit sales. In general, the credit period granted to customers is 120 days (2014: 90 days).

Trade receivables from related parties are subject to normal commercial terms.

As of the end of the reporting period, the ageing analysis of trade receivables of the Group based on invoice date, is as below:

	2015 *RMB'000*	2014 *RMB'000*
Within 90 days	**175,905**	291,743
90–120 days	**75,166**	—
After 120 days but within 180 days	**—**	—
	251,071	291,743

As at 31 December 2015 and 2014, no trade receivables were past due.

12 TRADE AND OTHER PAYABLES

	2015 *RMB'000*	2014 *RMB'000*
Trade payables	**4,638**	16,733
Receipts in advance	**1,088**	952
Amounts due to related parties	**7,710**	—
Other payables and accruals	**34,070**	20,587
Derivative financial liabilities		
— foreign exchange forward contract	**—**	593
	47,506	38,865

Set out below is an ageing analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**4,141**	16,236
After 3 months but within 6 months	**—**	497
After 6 months but within 1 year	**—**	—
After 1 year	**497**	—
	4,638	16,733

13 DIVIDENDS

(a) Dividends

(i) Dividends payable to shareholders of the Company attributable to the year:

	2015	2014
	RMB'000	*RMB'000*
No interim dividend declared and paid (2014: HK2 cents per ordinary share)	**—**	13,067
No final dividend proposed after the end of the reporting period (2014: HK2 cents per ordinary share)	**—**	13,002
	—	26,069

The final dividend and special dividend proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to shareholders of the Company attributable to the previous year, approved and paid during the year:

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK2 cents per ordinary share (2014: nil)	**13,011**	—
Special dividend in respect of the previous financial year, approved and paid during the year (2014: HK5 cents per ordinary share)	**—**	32,791
	13,011	32,791

14 ACQUISITION OF BUSINESS ON THE DISTRIBUTION CHANNELS

(a) Acquisition of business on the distribution channels from Quanzhou City Rui Hong Apparel Trading Co., Ltd.

On 23 June 2015, the Quanzhou Tuoyu and the Red Kids (China) entered into acquisition agreements with Quanzhou City Rui Hong Apparel Trading Co., Ltd. ("Rui Hong"), a distributor of the Red Kids (China), to acquire its 51 distribution channels at a cash consideration of RMB89,372,000 (the "**Rui Hong Transfer**"). Pursuant to the acquisition agreement, the Rui Hong Transfer shall take place in 2 phases. The first phase involved the transfer of certain distribution channels to the Quanzhou Tuoyu, which had taken place in September 2015. The second phase would involve the transfer of the remaining distribution channels to the Quanzhou Tuoyu, which shall take place on or before 31 December 2015. Please refer to the Company's announcement dated 23 June 2015 for details.

On before 31 December 2015, the Quanzhou Tuoyu and the Red Kids (China) had entered a supplemental agreement with the Rui Hong to extend the long stop date for the second phase of transfer of the remaining 26 distributions channels to 30 June 2016. Please refer to the Company's announcement dated 13 January 2016 for details. The transfer of the remaining distribution channel was taken place on 30 June 2016. Please refer to note 15.

During the year, the Red Kids (China) had made payments on behalf of the Quanzhou Tuoyu to Rui Hong in the total amount of RMB71,497,600 for the Rui Hong Transfer. On September 2015, the transfer of 26 distribution channels was taken place and an amount of RMB38,114,000 was recognised as consideration paid.

The directors of the Company had considered the acquisition of distribution channels from Rui Hong constitute as business combination in accordance with IFRS 3 Business Combinations.

The net assets acquired and recognised at the date of the Rui Hong Transfer as follow:

	Fair value *RMB'000*
Property, plant and equipment	3,276
Intangible assets *(note 8)*	28,486
	31,762
Goodwill arising on the business combination *(note 10)*	6,352
	38,114

Total consideration satisfied by:

	RMB'000
Cash consideration paid	38,114

An analysis of the cash flows in respect of the Rui Hong Transfer is as follow:

	RMB'000
Cash consideration paid	38,114
Net outflow of cash and cash equivalents included in cash flows from investing activities	38,114

(b) Acquisition of business on the distribution channels from Jiangsu Xiaopier Children Apparel Trading Limited*

On 23 June 2015, the Quanzhou Tuoyu and the Red Kids (China) entered into acquisition agreements with Jiangsu Xiaopier Children Apparel Trading Limited* ("江蘇小皮爾童裝貿易有限公司", (the "XPE"), a distributor of the Red Kids (China), to acquire its 15 distribution at a cash consideration of RMB17,400,000 (the "XPE Transfer").

On 30 September 2015 and 31 December 2015, the transfer of the first 8 and the remaining 7 distribution channels was taken place respectively and an amount of RMB17,400,000 was recognised as consideration paid.

The directors of the Company had considered the acquisition of distribution channels from the XPE constitute as business combination in accordance with IFRS 3 Business Combinations.

The net assets acquired and recognised at the date of the XPE Transfer as follow:

	Fair value
	RMB'000
Property, plant and equipment	1,269
Intangible assets *(note 8)*	7,388
	8,657
Goodwill arising on the business Combination *(note 10)*	8,743
	17,400

Total consideration satisfied by:

	RMB'000
Cash consideration paid	17,400

An analysis of the cash flows in respect of the XPE Transfer is as follow:

	RMB'000
Cash consideration paid	17,400
Net outflow of cash and cash equivalents included in cash flows from investing activities	17,400

* *The English name is for identification only*

15 EVENT AFTER THE REPORTING PERIOD

On 30 June 2016, the acquisition of the remaining distributions channels from Rui Hong was taken place. All applicable conditions precedent of the acquisition agreement have been satisfied. The directors of the Company are still assessing the impact of the acquisition of business on the remaining distributions channels to the Group up to the date of this announcement.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual financial statements for the year ended 31 December 2015:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December, 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 18 March 2015.

CHAIRMAN'S STATEMENT

For FY2015, our turnover decreased by approximately 26.4% from approximately RMB795.7 million for the year ended 31 December 2014 ("FY2014") to approximately RMB585.7 million. Our total sales volume was 10.5 million units in 2015, representing a decrease of approximately 16.7% from 12.6 million units in 2014.

In 2015, net profit of our Group amounted to approximately RMB30.3 million (2014: approximately RMB137.9 million).

After years of fast expansion, the children's apparel industry shows the tendency of phased adjustment subject to a marked slowdown in the economic growth in China. Furthermore, with international fast fashion brands entering into the market, fierce competition and decline in single store profits caused by extending men's and women's apparel brands to the children's apparel market in mainland China, certain industries including the apparel industry are under ongoing downward pressure, despite good news such as the two-child policy released in the country. In light of this, the children's apparel industry in China is expected to undergo a further adjustment over a period of time.

In the long run, we believe that a rise in China's middle-class consumption, successive development of e-commerce and the emergence of new convenient distribution channels will continue to drive overall economic growth. China's consumer demand for children's apparel remains strong. However, consumers demand has become more mature and personalised, with higher expectations for value, quality and functionality. It is inevitable for the children's apparel industry as well as the children's products market to change significantly in a competitive environment. We are in a good position to leverage on any market opportunities and take on what comes next.

In terms of products, we always put emphasis on product innovation and differentiation. At the beginning of 2015, we introduced a Spanish design institution of children's apparel to assist us in continuously improving and enhancing our product research and development. In addition, the newly launched product line for children of 80-110cm recorded a good market performance during the year.

We have positioned our brand at medium and high-end so as to cater for demands from a wide range of consumers. In respect of distribution channels, we consistently adhere to a diversified channel strategy, giving consumers maximum access to our products, which further increases our sales results and consolidates our competitive advantage in regional markets. In view of intensive competition across the children's apparel industry, especially in distribution channels and prices, we have also carried out channel integration programmatically. Specifically, we closed stores which were underperforming, fosterd and strengthened retailers' sense of market competition, and encouraged them to focus more on developing markets intensively.

We always adhere to the retail-oriented business strategy. In order to enhance our capability of sustainable profit making, we rely on our management's efficient execution to secure our competitive advantage. In the second half of 2015, we shifted several distribution channels (including Quanzhou) to self-operated model, allowing us to reach our end customers directly. In this way, we can get a clearer and more intuitive understanding about the market demand, while the profitability of our stores will be effectively enhanced.

Moreover, we keep optimising our store design and display to enable a better shopping experience for customers. Public consumption patterns are changing in the era of internet. We will also assist our e-commerce dealers with innovative cooperation methods, to create business opportunities across different sectors.

The following table sets forth a breakdown of our branded retail outlets by distribution channel and city type:

	As at 31 December 2015 Operated by distributors	Self-operated	Total	2014 Operated by distributors
Shopping mall outlets and concessions	**238**	**23**	**261**	282
Street shops	**288**	**15**	**303**	344
	526	**38**	**564**	626

	As at 31 December 2015 Operated by distributors	Self-operated	Total	2014 Operated by distributors
First-tier cities [Note1]	**31**	**—**	**31**	84
Second-tier cities [Note 2]	**80**	**4**	**84**	72
Third-tier cities [Note 3]	**224**	**25**	**249**	69
Fourth-tier cities [Note 4]	**191**	**9**	**200**	401
	526	**38**	**564**	626

Notes:

1. First-tier cities: Beijing, Shanghai, Guangzhou and Shenzhen
2. Second-tier cities: the capitals of provinces in the PRC excluding Guangzhou, municipalities excluding Shanghai and Beijing, and the capitals of the autonomous regions in the PRC
3. Third-tier cities: Prefecture-level cities in the PRC, excluding any first- and second-tier cities
4. Fourth-tier cities: County-level and other townships-level cities

Looking ahead, we aim to achieve multi-brand operations by ways of co-branding and acquisitions to meet the incremental consumer demand in the future. We are going to prudently promote our innovation plan in a systematical and phased manner, devoting ourselves to further expand our retailing network and enhancing single store profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our Group's products are primarily marketed through wholesaling to distributors who operate "redkids" branded retail stores in various provinces and municipalities in China. As at 31 December 2015, there were 526 "redkids" branded retail stores operated by our distributors and 38 self-operated stores in China.

In order to further diversify and expand our product portfolios, and to increase our coverage of the children's apparel market in China, our Group had launched two new product lines, Footwear and Accessories, such as backpacks and socks, in addition to the existing children and infant apparel during the year of 2015.

The retail industry in China experienced a declining retail climate and uncertainty of consumer sentiment during the year of 2015. Our Group's revenue was unavoidably affected by these unfavourable market conditions despite a progressive relaxation of the one-child policy. Coupled with a temporary slow-down of orders received from our distributors due to our Group's enhancement and innovation plan implemented in early 2015 for the "redkids" branded retail stores, our Group's revenue recorded a decrease of about 26.4%, from approximately RMB795.7 million for FY2014 to approximately RMB585.7 million for FY2015.

Sales to distributors continued to account for the majority of our Group's revenue during FY2015. Sales to distributors was approximately RMB482.8 million for FY2015, representing approximately 82.4% of our Group's revenue, as compared to that of approximately RMB632.7 million or 79.5% for FY2014.

On the other hand, our Group stands to benefit from the change in the lifestyle and shopping habits of consumers in the era of internet, and continues to capture the tremendous demand of children's apparel from online shopping. Sales to our designated online distributor, who resells our products through different online sales platforms in China, was approximately RMB100.5 million for FY2015, representing approximately 17.2% of our Group's revenue and a decrease of approximately 38.0% as compared to that of approximately RMB162.1 million for FY2014.

For the apparel products segment, sales volume was approximately 10.5 million units for FY2015, representing a decrease of approximately 16.7% as compared to that of approximately 12.6 million units for FY2014. The average wholesale selling price for FY2015 recorded a decrease as compared to that for FY2014, partially reflecting our change in product mix in FY2015.

The table below sets forth sales volume and average wholesale price for the years indicated:

	FY2015	FY2014	**% change**
Sales volume *(million units)*	**10.5**	12.6	–16.7
Average wholesale price *(RMB)*	**56**	63	–11.1

The table below sets forth our revenue by product/service category for the year indicated:

	FY2015		FY2014		**% change**
	RMB'000	*%*	*RMB'000*	*%*	
Apparel	**563,995**	**96.3**	795,278	99.9	–29.1
Footwear and Accessories	**20,947**	**3.6**	—	—	—
OEM services	**756**	**0.1**	421	0.1	+79.6
	585,698	**100.0**	795,699	100.0	–26.4

We primarily market our products through the extensive retail network with over 500 retail outlets covering most of the provinces and municipalities in China operated by our distributors and sub-distributors. On the other hand, we capture the business opportunities from online shopping in China through collaboration with our designated online distributor who resells our products through different online sales platforms in China.

During FY2015, our designated online distributor was the single largest customer which accounted for approximately 17.2% (FY2014: 20.4%) of our total revenue. Sales to our top five customers, which comprised the designated on-line distributor and four other distributors, in aggregate accounted for approximately 51.3% (FY2014: 52.8%) of our total revenue.

The table below sets forth our revenue by sales channel for the years indicated:

	FY2015		FY2014		**% change**
	RMB'000	*%*	*RMB'000*	*%*	
Sales to distributors	**482,750**	**82.4**	632,723	79.5	–28.4
Sales to on-line distributor	**100,489**	**17.2**	162,078	20.4	–38.0
Sales from self-operated stores	**1,703**	**0.3**	477	0.05	+257.0
OEM services	**756**	**0.1**	421	0.05	+79.6
	585,698	**100.0**	795,699	100.0	–26.4

Cost of Sales

Our cost of sales decreased by approximately RMB122.1 million or approximately 24.7%, from RMB495.4 million for FY2014 to approximately RMB373.3 million for FY2015. The decrease was generally in line with the decrease in turnover. During FY2015, we continued to outsource the production of products which require special technologies and know-how to OEM factories. As a percentage of cost of sales, purchase from OEM factories accounted for approximately 71.9% for FY2015 as compared to that of approximately 71.1% for FY2014.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately RMB87.9 million or approximately 29.3%, from approximately RMB300.3 million for FY2014 to RMB212.4 million for FY2015. Gross profit margin decreased by 3.7%, from 37.7% for FY2014 to 36.3% for FY2015, mainly as a result of the intense competition in children apparel industry in China.

Other Revenue and Other Net Gain/Loss

Other revenue primarily consisted of interest income from bank deposits of approximately RMB3.6 million (FY2014: approximately RMB1.8 million) and government grants of approximately RMB3.3 million in relation to our Group's successful listing on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and approximately RMB0.5 million in relation to tax incentive (FY2014: approximately RMB0.8 million).

Other net loss represented the net foreign exchange gain of approximately RMB0.5 million (FY2014: net loss of approximately RMB1.0 million) and the gain on change in fair value of a foreign exchange forward contract of approximately RMB0.6 million (FY2014: loss on change in fair value approximately RMB0.6 million).

Impairment loss recognised on property, plant and equipment

During the year ended 31 December 2015, due to the original schedule for construction of a property as the Group's research and development centre has been left behind, the directors of the Company has negotiated with the seller to acquire a nearby property instead. The acquisition of self-owned property was finally completed during the year. Its net carrying amount as at 31 December 2015 was approximately RMB42.3 million, as its recoverable amount was calculated to be lower than its carrying amount and accordingly, an impairment of approximately RMB15.8 million were recognised for the year.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of marketing rebates, salaries and benefits for sales and marketing personnel, and advertising and exhibition expenses for outdoor advertisements. Selling and distribution expenses recorded an increase of approximately 59.5%, from approximately RMB57.9 million for FY2014 to approximately RMB92.4 million for FY2015. The increase was resulted from increase in advertisement and marketing expenses.

As a percentage of turnover, selling and distribution expenses were 7.5% and 15.8% for FY2014 and FY2015 respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses primarily consisted of research and development expenses, salaries and benefits for administrative personnel, professional expenses in relation to legal and financial advisory services and taxes and levies.

Administrative and other operating expenses were approximately RMB37.9 million for FY2015, representing a reduction of approximately RMB9.0 million or approximately 19.2% as compared to approximately RMB47.0 million for FY2014. The reduction in administrative and other operating expenses mainly reflected the decrease in staff cost and other operating expenses for our Group.

As a percentage of turnover, administrative and other operating expenses also increased from 5.9% for FY2014 to 6.5% for FY2015.

Finance Costs

As a result of the decrease in short-term bank borrowings, finance costs decreased by approximately RMB0.3 million, from approximately RMB3.4 million for FY2014 to approximately RMB3.1 million for FY2015.

Income Tax Expenses

Income tax expenses decreased from approximately RMB55.4 million for FY2014 to approximately RMB41.6 million for FY2015. The effective tax rate was 57.8% for FY2015, which was comparable to 28.7% for FY2014. Currently, our principal subsidiaries in China are subject to an enterprise income tax rate of 25.0%.

Profit for the Year

As a result of the foregoing, profit for the year decreased from approximately RMB137.9 million for FY2014 to approximately RMB30.3 million for FY2015. Net profit margin recorded a decrease by approximately 12.1%, from 17.3% for FY2014 to 5.2% for FY2015.

Working Capital Management

We possess sufficient cash to meet liquidity requirements and for strategic alliances and acquisitions, if any. As of 31 December 2015, our cash and cash equivalents, and bank deposits totaled approximately RMB501.3 million (31 December 2014: approximately RMB487.1 million), representing more than half of the total amount of our current assets.

Current ratio and quick ratio were 7.5 times and 7.1 times, respectively, as at 31 December 2015, as compared to 9.2 times and 8.8 times, respectively, as at 31 December 2014.

Inventories

Our inventories increased by approximately RMB1.4 million, from approximately RMB41.8 million as of 31 December 2014 to approximately RMB43.2 million as at 31 December 2015. Inventories mainly comprised raw materials of approximately RMB2.9 million (31 December 2014: approximately RMB5.7 million), work in progress of approximately RMB2.7 million (31 December 2014: approximately RMB5.0 million) and finished goods of approximately RMB37.6 million (31 December 2014: approximately RMB31.1 million). The inventory turnover was 42 days for FY2015 (FY2014: 30 days).

Trade Receivables

Trade receivables decreased by approximately RMB40.6 million, from approximately RMB291.7 million as of 31 December 2014 to approximately RMB251.1 million as of 31 December 2015.

Trade receivables turnover was 169 days for FY2015, (FY2014: 121 days). As of 31 December 2015, all trade receivables were due within 3 months, which was in line with the credit period of 90 days given to our distributors and on-line distributor. We continue to conduct comprehensive review of our distributors' repayment histories, resources and financial capabilities to ensure that they are able to repay the debt within the credit period.

Trade Payables

Trade payables decreased from approximately RMB16.7 million as of 31 December 2014 to approximately RMB4.6 million as of 31 December 2015. Trade payables turnover was 10 days for FY2015 (FY2014: 12 days).

LIQUIDITY AND FINANCIAL RESOURCES

We utilised a combination of cash flows generated from operation and the net proceeds from the listing of the Company's shares on the Main Board of the Stock Exchange in January 2014 to finance our working capital requirements and capital expenditures, and to repay bank borrowings.

The following table sets forth our cash flows for FY2015 and FY2014:

	FY2015	FY2014
	RMB'000	*RMB'000*
Net cash generated from operating activities	**89,468**	64,636
Net cash used in investing activities	**(86,552)**	(116,614)
Net cash generated from financing activities	**11,612**	224,202
Net increase in cash and cash equivalents	**14,528**	172,224
Cash and cash equivalents at 1 January	**432,384**	260,079
Effect of foreign exchange rate changes	**(668)**	81
Cash and cash equivalents at 31 December	**446,244**	432,384

We were in net cash position as of 31 December 2015, and our gearing ratio was 6.1% as of 31 December 2015 (31 December 2014: 4.1%).

Notes to financial ratios

(1) Inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant year and multiplied by 365 days

(2) Trade receivables turnover days equal to the average of the opening and closing balances of trade receivables of the relevant period divided by turnover of the relevant year and multiplied by 365 days

(3) Trade payables turnover days equal to the average of the opening and closing balances of trade payables of the relevant year divided by cost of sales of the relevant year and multiplied by 365 days

(4) Current ratio equals to current assets divided by current liabilities as of the end of the year

(5) Quick ratio equals to current assets less inventories divided by current liabilities as of the end of the year

(6) Gearing ratio equals to total of bank and other borrowings divided by total equity as of the end of the year

FINANCIAL RISK MANAGEMENT

We have a treasury policy that aims to better control our treasury operations and lower borrowing cost. Our treasury policy requires our Group to maintain an adequate level of cash and cash equivalents, and sufficient available banking facilities to finance our daily operations and to address short term funding needs. We review and evaluate our treasury policy from time to time to ensure its adequate and effectiveness.

Except for operations of our Company and other investment holding companies outside the mainland China, our Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the management considers our Group's exposure to currency risk is insignificant.

At 31 December 2014, our Group had a foreign exchange forward contract selling HK$50,000,000 with a fair value of RMB593,000, recognised as derivative financial instruments.

Our interest rate risk arises primarily from bank borrowings. As our Group's operations are mainly conducted in China and the majority of our Group's assets and liabilities, and sales and purchases are transacted in Renminbi, the Directors are of the view that our Group are not subject to significant foreign exchange rate risks.

CAPITAL COMMITMENTS

As of 31 December 2015, capital expenditure contracted but not provided for was approximately RMB19.6 million (31 December 2014: approximately RMB24.5 million).

CONTINGENT LIABILITIES

Our Group did not have any significant contingent liabilities as of 31 December 2015 and 2014.

PLEDGE OF ASSETS

As of 31 December 2015, pledged bank deposits, certain properties and lease prepayments totalled approximately RMB14.8 million (31 December 2014: approximately RMB10.6 million) were pledged for certain bank loans.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Our Group had entered into an acquisition agreement with one of its distributors to acquire 51 distribution channels on 23 June 2015. Up to the date of this announcement, the acquisition of distribution channels had been completed and transferred to our Group.

Saved as disclosed above, our Group made no other significant investments, material acquisitions or disposal during the year ended 31 December 2015.

USE OF PROCEEDS

The Company was successfully listed on the Stock Exchange on 15 January 2014. The total net proceeds from the global offering and over-allotment (the "Net Proceeds") of a total 184,000,000 new shares allotted and issued at the offering price of HK$2.28 per share, after deducting the underwriting commissions and other listing expenses, amounted to approximately HK$362.0 million (equivalent to RMB285.0 million).

As of 31 December 2015, our Group had utilised the Net Proceeds as set out below:

	Percentage to the net proceeds *(Note 2)*	**Net proceeds** *RMB'million*	**Utilised amount** *RMB'million*	**Unutilised amount** *(Note 3)* *RMB'million*
Establish self-operated retail stores *(Note 1)*	21.2%	60.5	42.7	17.8
Enhance design and research and development capabilities in our design center in Shanghai	26.9%	76.7	0.1	76.6
Recruit at least 30 additional design and research and development staff	4.2%	12.0	1.1	10.9
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	9.7	48.2
Marketing and promotional activities	15.9%	45.2	22.2	23.0
Working capital and general corporate purposes	5.0%	14.2	14.2	—
	100.0%	285.0	90.0	195.0

Notes:

(1) Our Group had entered into an acquisition agreement with one of its distributors to acquire 51 distribution channels on 23 June 2015. Up to the date of this announcement, the acquisition of distribution channels had been transferred to our Group. Please refer to note 8, 9 and 10 to the financial statements in this announcement for details.

(2) There had been a change in the use of a portion of the Net Proceeds originally allocated for establishing not more than 50 self-operated retail stores by the end of 2014 to marketing and promotional activities. For further details, please refer to the separate announcement of the Company dated 18 March 2015.

(3) The unutilised Net Proceeds have been placed in short-term deposits with licensed banking institutions in Hong Kong and China.

EMPLOYEES AND REMUNERATION POLICIES

The emolument policy of our Group is aimed at attracting, retaining and motivating talent individuals. The principle is to have performance-based remuneration which reflects market standards. Remuneration package for each employee is generally determined based on his or her job nature and position with reference to market standards. Our emolument policy will be adjusted depending on a number of factors, including changes to the market practice and stages of our business development, so as to achieve our operational targets. As at 31 December 2015, we employed around 700 full-time employees. The total staff costs for FY2015 was approximately RMB45.8 million (FY2014: approximately RMB51.9 million).

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

Neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company's listed securities during FY2015.

SUBSEQUENT EVENTS

As disclosed in the announcement dated 31 March 2016, as a result of the delay in the finalization of the 2015 Annual Results, the trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1 April 2016 pending releasing of the announcement of 2015 Annual Results.

As disclosed in the announcement dated 22 April 2016, KPMG has resigned as auditors of the Group with effect from 21 April 2016. As disclosed in the announcement dated 29 April 2016, HLB Hodgson Impey Cheng Limited ("HLB") was appointed as the new auditors of the Company to fill the vacancy left by the resignation of KPMG and to hold office until the conclusion of the next annual general meeting of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. During FY2015, the Board comprised four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). During FY2015, the Company has complied with the CG Code, except for the deviation as explained below.

Code provision A.2.1 provides that the roles of Chairman and Chief executive should be separate and should not be performed by the same individual. As Mr. Ding Peiji ("Mr. Ding") is both the chief executive officer and the chairman of the Board of the Company, the Company is in deviation from code provision A.2.1. We consider that vesting the roles of both chairman and chief executive officer in Mr. Ding has the benefit of ensuring consistent leadership within our Group and enabling more effective and efficient overall strategic planning for our Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board composition and structure taking into account the background and experience of our Directors.

Code provision A.6.7 provides that non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Leung Wai Yip, Mr. Mei Wenjue and Mr. Zhu Wenxin, the independent non-executive Directors during FY2015, did not attend the annual general meeting of the Company held on 21 May 2015 due to other business commitments.

Code provision C.1.2 provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During FY2015, the management of the Company had not provided regular monthly updates to the members of the Board. The management had provided information and updates to the members of the Board as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Directors have 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 the code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during FY2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established for the purposes of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management. The Audit Committee has reviewed our consolidated financial statements for FY2015 and the accounting principles and practices adopted, and discussed auditing, internal controls, and financial reporting matters with our management and our Company's external auditors.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK2 cents).

PUBLICATION OF ANNUAL RESULTS

This announcement of annual results has been published on our website at www.redkids.com and the website of the Stock Exchange at www.hkexnews.hk. The 2015 Annual Report containing all the information required by Appendix 16 to the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) will be despatched to the shareholders of the Company and published on our website at www.redkids.com and the website of the Stock Exchange at www.hkexnews.hk in due course.

APPRECIATION

The Board would like to thank the shareholders, business partners and customers for their continuous support and trust, and would like to take this opportunity to express our gratitude towards the management team and staff for their loyalty, efforts and contributions over the past year.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2016 pending releasing of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company in the Stock Exchange with effect from 9:00 a.m. on Monday, 1 August 2016.

On behalf of the Board
Miko International Holdings Limited
Ding Peiji
Chairman

Quanzhou, Fujian Province, China
29 July 2016

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

Executive Directors:	Mr. Ding Peiji, Mr. Ding Peiyuan and Ms. Ding Lizhen
Independent non-executive Directors:	Mr. Hung Cho Sing, Mr. Zhu Wenxin and Ms. Lo Wing Yan, Emmy