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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)

**MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF 40% EQUITY INTEREST IN THE TARGET COMPANY**

THE DISPOSAL

The Board wishes to announce that on 31 December 2021 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchasers entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchasers conditionally agreed to acquire, in aggregate 40% equity interest held by the Vendor in the Target Company, at the consideration of RMB12,000,000 in accordance with the terms and conditions of the Disposal Agreement.

Pursuant to the Disposal Agreement, Purchaser 1 and Purchaser 2 shall acquire 21% and 19% equity interest in the Target Company from the Vendor, respectively.

Immediately upon Completion, the Company will cease to have any equity interest in the Target Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE EGM

The EGM will be held for Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Disposal Agreement and the Disposal, together with a notice to convene the EGM and the accompanying proxy form, is expected to be despatched to the Shareholders on or before 21 January 2022.

Shareholders and potential investors of the Company should be aware that the Disposal Agreement is conditional upon, among other things, the Shareholders' approval at the EGM and consequently, the transactions contemplated under the Disposal Agreement may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when they deal in the Shares or other securities of the Company.

INTRODUCTION

The Board wishes to announce that on 31 December 2021 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchasers entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchasers conditionally agreed to acquire, in aggregate 40% equity interest held by the Vendor in the Target Company, at the consideration of RMB12,000,000 in accordance with the terms and conditions of the Disposal Agreement.

Pursuant to the Disposal Agreement, Purchaser 1 and Purchaser 2 shall acquire 21% and 19% equity interest in the Target Company from the Vendor, respectively.

THE DISPOSAL AGREEMENT

Date:

31 December 2021

Parties:

Vendor : 米技電子電器(上海)有限公司 (Miji Electronics and Appliances (Shanghai) Ltd.)

Purchasers : 吳宗國先生 (Mr. Wu Zongguo)
王歡女士 (Ms. Wang Huan)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchasers are Independent Third Parties as at the date of this announcement.

Assets to be disposed of:

As at the date of this announcement, the Target Company is owned as to 40%, 26%, 25% and 9% by the Vendor, an Independent Third Party, an Independent Third Party and Purchaser 1, respectively. Pursuant to the Disposal Agreement, Purchaser 1 and Purchaser 2 shall acquire 21% and 19% equity interest in the Target Company from the Vendor, respectively. Immediately upon Completion, the Company will cease to have any equity interest in the Target Company.

Consideration

Pursuant to the Disposal Agreement, the consideration of RMB12,000,000 shall be paid by the Purchasers to the Vendor in the following manner:

- (1) RMB6,300,000 in cash by Purchaser 1, shall be payable as to (i) RMB1,890,000 within five days after the signing of the Disposal Agreement; (ii) RMB1,890,000 within three months after the signing of the Disposal Agreement; and (iii) RMB2,520,000 within five days after the registration in respect of the transfer of the 21% equity interest held by the Vendor in the Target Company to Purchaser 1 with the relevant Administration of Industry and Commerce Bureau has been completed; and
- (2) RMB5,700,000 in cash by Purchaser 2, shall be payable as to (i) RMB1,710,000 within five days after the signing of the Disposal Agreement; (ii) RMB1,710,000 within three months after the signing of the Disposal Agreement; and (iii) RMB2,280,000 within five days after the registration in respect of the transfer of the 19% equity interest held by the Vendor in the Target Company to Purchaser 2 with the relevant Administration of Industry and Commerce Bureau has been completed.

Basis for the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchasers with reference to, among other things, (i) the audited consolidated net assets of the Target Company as at 31 December 2020; (ii) the historical financial performance of the Target Company; (iii) the current and expected market condition of the industry in which the Target Company operates; and (iv) the reasons for and benefits of the Disposal as set out below.

Conditions precedent to the Completion

The Completion is conditional upon the satisfaction of certain conditions precedent, including but not limited to:

- (1) there being no existing or known legal proceedings or claims initiated by or to any government authority against the Target Company or the Vendor, which would prevent the performance of the Disposal Agreement or would have material adverse effect on the Target Company; and
- (2) approval of the Disposal by the Shareholders.

Completion

The date of Completion shall fall on the date on which the conditions precedent to the Completion have been fulfilled.

INFORMATION ON THE TARGET COMPANY, THE GROUP AND THE PURCHASERS

The Target Company

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the Target Company is owned as to 40%, 26%, 25% and 9% by the Vendor, an Independent Third Party, an Independent Third Party and Purchaser 1, respectively.

The Target Company is principally engaged in the sale and manufacture of small electrical appliances since its establishment.

Financial information of the Target Company

The financial information of the Target Company for the year ended/as at 31 December 2019 and 2020 are set out below:

	For the year ended/As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	184,686	134,333
Net assets	13,735	13,112
Profit before tax	13,664	6,089
Profit after tax	10,219	4,542

The Group

The Group principally develops, manufactures and sells premium kitchen appliances to middle-class and upper-middle class customers in the PRC. It also sells some of its products to customers in Hong Kong and Germany.

The Purchasers

To the best knowledge of the Directors, Purchaser 1 is an existing shareholder of the Target Company and he is also a merchant with experience in the manufacture and trading of small home appliances, and Purchaser 2 has extensive experience in import and export business.

FINANCIAL IMPACT OF THE DISPOSAL

Based on (i) the unaudited carrying value of the Target Company in the Company's consolidated management accounts as at 31 December 2021 of approximately RMB10.2 million, (ii) the Consideration and (iii) the estimated transaction costs, it is expected that the Company will record a gain of approximately RMB1.5 million in respect of the Disposal, subject to audit. The net proceeds from the Disposal are expected to be approximately RMB11.7 million. As at the date of this announcement, the Vendor has 40% equity interest in the Target Company, which is treated as an investment in associate and accounted for using the equity method of accounting. Upon Completion, the Company will cease to have any equity interest in the Target Company.

INTENDED USE OF PROCEEDS

The Group is expected to receive net proceeds of approximately RMB11.7 million as a result of the Disposal. The Group intends to use the net proceeds from the Disposal for working capital purpose.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Market demand for small electrical appliances in China witnessed strong growth over the past few years and the Group had satisfactory returns from its investment in the Target Company. However, the strong market growth attracts a significant number of new suppliers to tap into the market. These new suppliers include suppliers of kitchen appliances that are actively expanding their product portfolio to include small electrical appliances.

The Group believes that the small electrical appliance market in China will become increasingly competitive. Market players may be forced to reduce the selling prices of their products in order to compete against each other, which may have an adverse impact on the gross profit margin. As disclosed in the annual report of the Company for the year ended 31 December 2020, the outbreak of novel coronavirus had a substantial impact on the Group's financial performance and cash flows. The Group is expected to record a gain of approximately RMB1.5 million (subject to audit) and receive net proceeds of approximately RMB11.7 million as a result of the Disposal. The Group intends to use the net proceeds from the Disposal for working capital purpose. The Group believes that the Disposal not only provides a good opportunity to realise the return on its investment in the Target Company, but also replenishes the working capital needs of the Group and improves its liquidity position.

Going forward, the Group can concentrate on the research and development, manufacturing and sales of hobs and stoves, which have been its core products since establishment.

In view of the above reasons and benefits, the Directors are of the view that (i) Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Disposal Agreement are fair and reasonable. None of the Directors has a material interest in the Disposal.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE EGM

The EGM will be held for Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Disposal Agreement and the Disposal, together with a notice to convene the EGM and the accompanying proxy form, is expected to be despatched to the Shareholders on or before 21 January 2022.

Shareholders and potential investors of the Company should be aware that the Disposal Agreement is conditional upon, among other things, the Shareholders' approval at the EGM and consequently, the transactions contemplated under the Disposal Agreement may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when they deal in the Shares or other securities of the Company.

DEFINITIONS

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

“Board”	board of Directors
“Company”	Miji International Holdings Limited (stock code: 01715), a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal, being RMB12,000,000
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of the 40% equity interest in the Target Company by the Vendor to the Purchasers pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 31 December 2021 entered into between the Vendor and the Purchasers in relation to the Disposal
“EGM”	an extraordinary general meeting of the Shareholders scheduled to be held for the purpose of considering, and if thought fit, approving, among other things, the Disposal
“Group”	the Company and its subsidiaries from time to time
“Independent Third Party(ies)”	person(s) or company(ies) who/which is (are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, but for the purpose of this announcement, do not include, Hong Kong, Macau and Taiwan
“Purchaser 1”	吳宗國先生 (Mr. Wu Zongguo), an Independent Third Party
“Purchaser 2”	王歡女士 (Ms. Wang Huan), an Independent Third Party
“Purchasers”	collectively, Purchaser 1 and Purchaser 2
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	米技炫尚智能家用電器（上海）有限公司 (Miji Xuanshang Intelligence Home Appliances (Shanghai) Company Limited*), a company established in the PRC with limited liability
“Vendor”	米技電子電器（上海）有限公司 (Miji Electronics and Appliances (Shanghai) Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 31 December 2021

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

* *For identification purpose only*