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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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF 33% ISSUED SHARES OF THE TARGET COMPANY

THE DISPOSAL

The Board wishes to announce that on 15 March 2022 (after trading hours), the Vendor and 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 the Target Company owned by the Vendor, at the consideration of HK\$4,500,000 in accordance with the terms and conditions of the Disposal Agreement.

Immediately upon Completion, the Company will cease to own any issued shares of 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 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 15 March 2022 (after trading hours), the Vendor and 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 the Target Company owned by the Vendor, at the consideration of HK\$4,500,000 in accordance with the terms and conditions of the Disposal Agreement.

THE DISPOSAL AGREEMENT

Date:

15 March 2022

Parties:

Vendor : Miji International Holdings Limited

Purchaser : Lucky Stone Investments Limited

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

Assets to be disposed of:

As at the date of this announcement, the Vendor owns 33% issued shares of the Target Company, which is a special purpose company for holding the Yacht. The Yacht is a motor yacht with an overall length of 22.98 metres and registered in Hong Kong. Pursuant to the Disposal Agreement, the Purchaser shall acquire the 33% issued shares of the Target Company from the Vendor. Immediately upon Completion, the Company will cease to own any issued shares the Target Company.

Consideration

Pursuant to the Disposal Agreement, the entire consideration of HK\$4,500,000 shall be paid by the Purchaser by issuing a cheque drawn on a licensed bank in Hong Kong in favour of the Vendor at Completion.

Basis for the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, (i) the unaudited net assets of the Target Company as at 31 December 2021; (ii) the historical financial performance of the Target Company; (iii) the recent market transactions of second hand yachts of comparable size and year of built; 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) all necessary consents, clearance and approvals required to be obtained on the part of the Vendor in respect of the Disposal Agreement and the transactions contemplated thereby having been obtained, which includes but not limited to, the Board approval, consents, clearance and/or approvals of the relevant officials and authorities, bank, creditors, customers, suppliers and/or such other third parties;
- (2) all necessary consents, clearance and approvals required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated thereby having been obtained, which includes but not limited to, the board of directors approval of the Purchaser, consents, clearance and/or approvals of the relevant officials and authorities, bank, creditors, customers, suppliers and/or such other third parties;
- (3) the representations, warranties and indemnities given by the Vendor and set out in the Disposal Agreement remaining true and accurate in all respects;
- (4) the Vendor having complied with all its obligations under the Disposal Agreement as at the date of Completion;
- (5) the Target Company not having been informed about itself becoming the subject of any investigation, enquiry, notice of actual or possible non-compliance or violation, or any kind of written confirmations, relating to the compliance with any applicable laws, any other rules and regulations, conducted or issued by any relevant authority, nor the Target Company being notified any information, fact or circumstance which gives rise or is likely to give rise to any such investigation, inquiry, notice of actual or possible non-compliance or violation or written communications; and
- (6) the Purchaser having conducted a due diligence exercise on the Target Company and is satisfied with the results thereof.

The Vendor and the Purchaser shall use best endeavours to procure the fulfillment of the aforesaid conditions precedent to the Completion.

The Purchaser may at any time by notice in writing to the Vendor waive any of the conditions precedent to the Completion and such waiver may be made subject to such terms and conditions as determined by the Purchaser. If any of the conditions precedent to the Completion has not been satisfied and/or waived on or before the Long Stop Date, the Disposal Agreement shall cease and determine and none of the parties of the Disposal Agreement shall have any obligations and liabilities hereunder and none of the parties of the Disposal Agreement shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches.

Completion

The date of Completion shall fall on the date on which the conditions precedent to the Completion have been complied with, fulfilled or waived.

INFORMATION ON THE TARGET COMPANY, THE GROUP AND THE PURCHASER

The Target Company

The Target Company was incorporated in Hong Kong with limited liability on 8 August 2019. As at the date of this announcement, the issued shares of the Target Company are owned as to 67% by Apex General Investment Holding Limited and 33% by the Vendor, respectively.

The Target Company is a special purpose company for holding the Yacht.

Financial information of the Target Company

Set out below is the financial information of the Target Company for the periods indicated:

	For the year ended 31 December 2021 RMB'000 (unaudited)	For the year ended 31 December 2020 RMB'000 (unaudited)
Revenue	783	–
Net assets	22,529	34,716
Loss before tax	12,362	884
Loss after tax	12,362	884

The Group

The Group principally develops, manufactures and sells premium kitchen appliances to middle-class and upper-middle class customers in the PRC.

The Purchaser

To the best knowledge of the Directors, the Purchaser is a wholly-owned subsidiary of a listed company in Hong Kong, which is principally engaged in the provision of property management and related services, properties investment and money lending 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 RMB7.3 million and (ii) the Consideration, it is expected that the Company will record a loss of approximately RMB3.7 million in respect of the Disposal, which is mainly due to the decrease in market value of the investment in associate under the adverse impact of the outbreak of novel coronavirus in Hong Kong in 2022, subject to audit. The net proceeds from the Disposal are expected to be approximately RMB3.6 million. As at the date of this announcement, the Vendor owns 33% of the issued shares of 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 own any issued shares of the Target Company.

INTENDED USE OF PROCEEDS

The Group intends to use the net proceeds from the Disposal for working capital purpose.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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. In response to that, the Group implemented strategies to optimise its cost structure by reducing unnecessary expenses and reallocating its resources to the marketing of brands and products that can enhance business value.

The Group believes that the Disposal not only provides a good opportunity to eliminate the financial burden of owning the Yacht, but also replenishes the working capital needs of the Group and improves its liquidity position.

The Group is expected to record a net cash inflow of approximately RMB3.6 million as a result of the Disposal. 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) the 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 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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 HK\$4,500,000
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the 33% issued shares of the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 15 March 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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

“Long Stop Date”	30 April 2022 or such other date as both the Purchaser and the Vendor may agree in writing
“PRC”	the People’s Republic of China, but for the purpose of this announcement, do not include, Hong Kong, Macau and Taiwan
“Purchaser”	Lucky Stone Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“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”	Sky Asia Construction Engineering Limited (天亞建築工程有限公司) was incorporated in Hong Kong with limited liability on 8 August 2019. As at the date of this announcement, the issued shares of the Target Company are owned as to 67% by Apex General Investment Holding Limited and 33% by the Vendor, respectively
“Vendor”	the Company
“Yacht”	a motor yacht with an overall length of 22.98 metres, registered in Hong Kong and owned by the Target Company
“%”	per cent

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

Hong Kong, 15 March 2022

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.