MEIKE INTERNATIONAL HOLDINGS LIMITED
美克國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00953)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2010

The board (the "Board") of directors (the "Directors") of Meike International Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended December 31, 2010 (the "Year") were as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Revenue	*3*	**712,864**	499,420
Cost of sales		**(464,611)**	(328,483)
Gross profit		**248,253**	170,937
Other income	*4*	**7,624**	2,265
Other losses, net		**(7,726)**	–
Selling and distribution expenses		**(42,812)**	(21,089)
Administrative expenses		**(34,964)**	(22,096)
Other operating expenses		**(16,923)**	(9,121)
Finance costs	*5*	**(12,006)**	(10,372)
Profit before tax		**141,446**	110,524
Income tax expense	*6*	**(24,994)**	(15,170)
Profit for the year	*7*	**116,452**	95,354
Other comprehensive income:			
Exchange differences arising on translation		**18**	(5)
Total comprehensive income for the year		**116,470**	95,349

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Profit for the year attributable to:			
Owners of the Company		**116,452**	90,606
Non-controlling interests		**–**	4,748
		116,452	95,354
Total comprehensive income for the year attributable to:			
Owners of the Company		**116,470**	90,602
Non-controlling interests		**–**	4,747
		116,470	95,349
Earnings per share	*8*		
Basic (RMB)		**0.122**	0.121
Diluted (RMB)		**0.122**	0.121

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2010

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**140,492**	97,821
Prepaid lease payments		**49,260**	50,358
		189,752	148,179
Current assets			
Inventories		**77,713**	53,006
Trade and other receivables	*10*	**510,678**	263,359
Prepaid lease payments		**1,097**	1,097
Pledged bank deposit		**53,906**	–
Short-term bank deposit		**35,000**	35,000
Bank balances and cash		**402,439**	43,678
		1,080,833	396,140
Current liabilities			
Trade and other payables	*11*	**93,121**	52,809
Amount due to a director		**–**	204
Amount due to a related company		**535**	–
Bank borrowings		**227,900**	174,500
Derivative financial instruments		**7,837**	–
Income tax payable		**12,401**	3,957
		341,794	231,470
Net current assets		**739,039**	164,670
Total assets less current liabilities		**928,791**	312,849
Capital and reserves			
Share capital		**10,446**	9
Reserves		**916,152**	291,897
Equity attributable to owners of the Company		**926,598**	291,906
Non-controlling interests		**–**	–
Total equity		**926,598**	291,906
Non-current liabilities			
Bank borrowings		**–**	17,000
Deferred tax liabilities		**2,193**	3,943
		2,193	20,943
		928,791	312,849

Notes:

1. GENERAL

Meike International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2009. In the opinion of the directors of the Company, the parent and the ultimate holding company of the Company is Glory Hill Enterprises Limited ("Glory Hill"), a limited company incorporated in the British Virgin Islands ("BVI"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its place of business is located at Room 1602, 16/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

Pursuant to a group reorganisation (the "Corporate Reorganisation") of the Company and its subsidiaries (collectively referred to as the "Group") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on September 10, 2009. Details of the Corporate Reorganisation were set out in the prospectus of the Company dated January 19, 2010 (the "Prospectus").

The shares of the Company have been listed on the Stock Exchange since February 1, 2010.

The Group resulting from the Corporate Reorganisation is regarded as a continuing entity under common control. Accordingly, the consolidated financial statements of the Group have been prepared using principles of merger accounting in accordance with the accounting policy, as if the current group structure had been in existence throughout the two years presented.

The Company acts as an investment holding company and provides corporate management services.

The consolidated financial statements are presented in thousands of units of Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after January 1, 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after July 1, 2010 or January 1, 2011, as appropriate.
2 Effective for annual periods beginning on or after February 1, 2010.
3 Effective for annual periods beginning on or after July 1, 2010.
4 Effective for annual periods beginning on or after January 1, 2011.
5 Effective for annual periods beginning on or after July 1, 2011.
6 Effective for annual periods beginning on or after January 1, 2012.
7 Effective for annual periods beginning on or after January 1, 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in the future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for sale of sporting goods, including footwear, apparel and accessories, net of sales related taxes. Revenue is analysed as follows:

	2010	2009
	RMB'000	*RMB'000*
Footwear	**455,545**	370,718
Apparel	**204,165**	118,919
Accessories and shoe sole	**53,154**	9,783
	712,864	499,420

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group is organised into a single operating segment as selling sporting goods products primarily in the PRC and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to this single segment. Accordingly, no segment analysis by business and geographical information is presented.

There is no customer contributing over 10% of the total revenue of the Group for the two years presented.

4. OTHER INCOME

	2010	2009
	RMB'000	*RMB'000*
Government grants *(Note)*	**6,066**	855
Compensation income	**–**	600
Interest income	**1,151**	810
Gain from sale of materials	**407**	–
	7,624	2,265

Note:

Government grants were received from several local government authorities for the Group's contribution to growth of the local economies, of which the entitlement was unconditional and under the discretion of the relevant authorities.

5. FINANCE COSTS

	2010 *RMB'000*	2009 *RMB'000*
Interest on bank borrowings wholly repayable within five years	**12,006**	10,372

6. INCOME TAX EXPENSE

	2010 *RMB'000*	2009 *RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**26,744**	13,225
Deferred tax	**(1,750)**	1,945
	24,994	15,170

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2010 *RMB'000*	2009 *RMB'000*
Salaries and allowances	**77,062**	54,545
Contributions to retirement benefits scheme	**6,121**	3,560
Share-based payments	**1,395**	–
Total staff costs (including directors' remuneration)	**84,578**	58,105
Auditor's remuneration	**726**	705
Cost of inventories recognised as an expense	**464,611**	328,483
Amortisation of prepaid lease payments	**1,098**	1,097
Depreciation for property, plant and equipment	**7,692**	7,609
Research and development costs (included in other operating expenses) *(Note)*	**10,255**	8,232
Loss on disposal of property, plant and equipment	**1,413**	849
Net foreign exchange losses	**12,675**	40
Operating lease rentals in respect of rented premises	**1,758**	1,344

Note:

Research and development costs included staff costs of employees and depreciation of property, plant and equipment for the purpose of research and development activities.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2010	2009
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to the owners of the Company)	**116,452**	90,606

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**958,407**	750,000

The computation of diluted earnings per share does not assume the exercise of the Company's options and warrants because the exercise prices of those options and warrants were higher than the average market price for shares for the year ended December 31, 2010.

The weighted average number of shares for the purpose of calculating basic earnings of the year ended December 31, 2009 is based on the profit attributable to owners of the Company and on the assumption that 750,000,000 shares of HK$0.01 each issued and issuable comprising 1,000,000 shares in issue and 749,000,000 shares to be issued pursuant to the capitalisation issue on January 6, 2010, as if the shares had been in issue throughout the year ended December 31, 2009.

The diluted earnings per share for the year ended December 31, 2009 is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the year.

9. DIVIDENDS

During the year ended December 31, 2010, dividends of approximately RMB66,504,000 was declared to the equity holders of the Company. Details of which are as follows:

1. On January 4, 2010, the Company declared and paid dividends of approximately RMB15,620,000. The dividend was declared prior to the listing of the Company and the rate of dividend per share is not presented as it is not indicative of the rate at which future dividends will be declared.

2. A final dividend in respect of the year ended December 31, 2009 of HK$0.034 per share totaling approximately HK$35,275,000 (equivalent to approximately RMB30,915,000) was approved and paid during the Year.

3. In addition, an interim dividend in respect of the six months ended June 30, 2010 of HK$0.022 per share totaling approximately HK$22,825,000 (equivalent to approximately RMB19,969,000) was approved and paid during the Year.

The Board recommended the payment of a final dividend of HK$0.03 per share in respect of the Year, subject to the approval of the shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on or around June 2, 2011.

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**470,304**	235,672
Other receivables	**1,779**	502
Prepayments	**38,595**	27,187
	40,374	27,689
Less: impairment loss recognised	**–**	(2)
Other receivables and prepayments, net	**40,374**	27,687
Trade and other receivables	**510,678**	263,359

The Group generally allows a credit period ranging from 90 days to 180 days to its trade customers. Payment in advance is normally required for new customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**251,212**	163,017
91 to 180 days	**165,564**	72,655
181 to 365 days	**53,528**	–
Total	**470,304**	235,672

Trade receivables that were neither past due nor impaired are related to a wide range of customers for whom there was no recent history of default.

As at December 31, 2010, included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately RMB62,143,000 (2009: Nil) which were past due as at the reporting date for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**8,615**	–
91 to 180 days	**53,528**	–
Total	**62,143**	–

As at December 31, 2009, included in the impairment loss recognised are individually impaired other receivables with an aggregate balance of approximately RMB2,000 (2010: nil) mainly related to debtors that are in unexpected financial difficulty or of poor credit history. The Group does not hold any collateral over these balances. It was assessed that a portion of the receivables is expected to be recovered.

As at December 31, 2010, certain trade receivables with aggregate carrying amount of approximately RMB30,695,000 (2009: RMB22,016,000) were pledged to banks to secure certain bank borrowings of the Group.

11. TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables	**50,105**	29,296
Other payables	**27,083**	9,696
Receipts in advance	**1,896**	3,050
Accrued payroll and staff welfare	**14,037**	10,767
	43,016	23,513
Trade and other payables	**93,121**	52,809

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**26,804**	12,762
91 to 180 days	**19,512**	9,463
181 to 365 days	**949**	6,059
Over 365 days	**2,840**	1,012
Total	**50,105**	29,296

The average credit period on purchases of goods is ranged from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, warehouses and staff quarters which fall due as follows:

	2010	2009
	RMB'000	*RMB'000*
Within one year	**1,468**	1,642
In the second to fifth years inclusive	**1,600**	215
	3,068	1,857

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average of 2.75 years with fixed rentals.

13. CAPITAL COMMITMENTS

Capital commitments in respect of construction in progress at the end of the reporting period were as follows:

	2010	2009
	RMB'000	*RMB'000*
Contracted for but not provided in the consolidated financial statements	**4,347**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The continuous stimulus measures launched by the Chinese Government in driving domestic consumption after the global financial crisis have effectively restored market confidence and driven a robust growth in domestic consumption in 2010.

Although China's sportswear industry is under intensive competition with more entrants and new brands entering into the industry, growth potential is still huge as China has the most sizable population in the world and due to the rapid urbanization of rural areas in China, the number of consumers and their potential consumption power increased tremendously. Furthermore, with the continuous adoption of fiscal policies by the Chinese Government, the Group believes that the sportswear industry will grow steadily.

Business Review

Since 2006, as the management saw the vast growth opportunities in the domestic market and a number of major PRC sportswear manufacturers began to market its branded products through distributors and outlets, the Group has began to change its business model through selling substantially all "Meike" branded products to its distributors (the "Meike distributors") where the Meike distributors markets the "Meike" branded products through its distributor outlets (the "Meike distributor outlets") or retailer outlets (the "Meike retailer outlets") so as to further penetrate into the PRC market. As at December 31, 2010, the Group had 24 distributors, overseeing 1,865 outlets which comprised 771 Meike distributor outlets and 1,094 Meike retailer outlets. These outlets, together with the outlets owned and operated by the Group (the "Self-operated Meike Outlets") cover 23 provinces, autonomous regions and municipalities and more than 521 districts, counties and county-level cities in the PRC. The number of outlets expanded by 547 outlets to 1,865 outlets as at December 31, 2010. The Group will continue to expand and optimize its retail network through cooperation with distributors and utilization of their local resources and business network. The Group expects that the number of its outlets will reach 2,465 by the end of 2011.

Product Development and Design

Currently, each of the footwear and apparel segments has its own dedicated in-house design team to design products that meet the tastes and preferences of the Group's target consumers. The core members of the Group's design teams have extensive experience in the design industry and graduated from design or art schools in the PRC. Substantially all of the Group's design team members graduated from college in the PRC and have design or art related diploma. Substantially all of the Group's design team members have more than 4 years design related experience after joining the Group. To maintain an international perspective to the Group's designs, each product design team from time to time visits the leading fashion stores, shopping centers and attends fashion shows in South Korea, North America and Europe, which in the Group's belief, have been, and will continue to be, influential in setting the fashion trends in the PRC. The Group believes that this practice enables the design team to cater to the latest fashion trends while echoing thematic elements from the Group's integrated marketing campaigns to establish a consistent image for the Group's brand and products.

As at December 31, 2010, the Group had a total of 60 full-time employees in its design and development department. The Group had applied for 2 appearance design patents and had been granted 14 appearance design patents in the PRC.

Financial Review

Revenue by product category

	2010	2009		**2010**	2009
	RMB'000	*RMB'000*	*Change (%)*	% of total revenue	
Domestic					
Footwear	**345,308**	267,362	29.2	**48.4**	53.5
Apparel	**204,165**	118,919	71.7	**28.6**	23.8
Accessories and shoe soles	**51,664**	9,783	428.1	**7.3**	2.0
	601,137	396,064	51.8	**84.3**	79.3
Export					
Footwear	**110,237**	103,356	6.7	**15.5**	20.7
Shoe uppers	**1,490**	–	–	**0.2**	–
	111,727	103,356	8.1	**15.7**	20.7
Total	**712,864**	499,420	42.7	**100**	100
Gross profit margin (%)	**34.8**	34.2			

For the Year, the revenue of the Group increased by 42.7% to RMB712,864,000 (for the year ended December 31, 2009: RMB499,420,000) and the gross profit margin rose by 0.6% to 34.8% (for the year ended December 31, 2009: 34.2%).

Revenue from domestic sales of footwear products grew by 29.2% from RMB267,362,000 for the year ended December 31, 2009 to RMB345,308,000 for the Year, mainly as a result of the successful implementation of exclusive distribution business model, speedy expansion of the Group's retail network, successful promotion and marketing strategies, product design upgrade and diversification of product mix. In addition, the increase in sales was also attributable to the growth in market demand for sportswear products in China and the recovery of the economic conditions in China.

Revenue from the sales of the Group's apparel products increased by 71.7% from RMB118,919,000 for the year ended December 31, 2009 to RMB204,165,000 for the Year, primarily as a result of the increase in sales volume of the Group's apparel products from approximately 1,783,000 pieces for the year ended December 31, 2009 to approximately 3,433,000 pieces for the Year. The increase in the sales volume was mainly attributable to the upgrade of product design and quality, and diversification of product mix, which enhanced the market acceptance of the Group's apparel products.

Revenue from sales of accessories and shoe soles increased by 428.1% from RMB9,783,000 for the year ended December 31, 2009 to RMB51,664,000 for the Year, predominantly due to the increased in the sales volume of shoe soles by 2,353,000 pairs during the Year.

Revenue from export sales rose by 8.1% from RMB103,356,000 for the year ended December 31, 2009 to RMB111,727,000 for the Year, predominantly due to the increase in the average selling price by 15.2% being netted off by the drop of 7.9% in the sales volume as the group is continuously focus on certain overseas customers with high quality.

The following table sets out the revenue from the sales of the Group's products in China by geographical location:

	2010		2009	
	RMB'000	*%*	*RMB'000*	*%*
Central South China	**259,002**	**43.1**	159,858	40.4
East China	**240,684**	**40.0**	173,154	43.7
Southwest China	**79,866**	**13.3**	52,181	13.2
Northeast China	**8,772**	**1.5**	5,553	1.4
Northwest China	**12,813**	**2.1**	5,318	1.3
Total	**601,137**	**100**	396,064	100

The following table sets out the number of units and average selling price of products sold to the customers:

	2010		2009	
	Total units sold	**Average selling price**	Total units sold	Average selling price
	'000	***RMB***	*'000*	*RMB*
Sales to distributors				
Footwear (pairs)	**4,722**	**73**	3,812	70
Apparel (pieces)	**3,433**	**60**	1,783	67
Accessories (pieces)	**355**	**9**	488	7
Shoe soles (pairs)	**2,695**	**18**	342	18
Sales to export companies and overseas customers				
Footwear (pairs)	**2,870**	**38**	3,115	33

Revenue from domestic sales of footwear products of the Group rose by 29.2% to RMB345,308,000 in the Year (2009: RMB267,362,000), mainly attributable to the increase in the sales volume of footwear products by 23.9% to 4.72 million pairs (2009: 3.81 million pairs) and the increase of the average selling price by 4.3% to RMB73 (2009: RMB70).

Revenue from export sales of footwear products of the Group rose by 8.1% to RMB111,727,000 in the Year (2009: RMB103,356,000), primarily as a result of the reduction in the sales volume of footwear products by 7.8% to 2.87 million pairs (2009: 3.11 million pairs) being netted off by the increase in the average selling price by 15.2% to RMB38 (2009: RMB33).

Revenue from the sales of apparel products of the Group increased by 71.7% to RMB204,165,000 in the Year (2009: RMB118,919,000), mainly attributable to the growth of sales volume of apparel products by 92.7% to 3.43 million pieces (2009: 1.78 million pieces) which is partly offset by the reduction of the average selling price of 10.4% to RMB60 (2009: RMB67).

Cost of Sales

Cost of sales increased by 41.4% to RMB464,611,000 in 2010 (2009: RMB328,483,000), primarily as a result of increase in sales of the Group's products.

Selling and Distribution Costs

Selling and distribution costs increased by 103.0% from RMB21,089,000 in 2009 to RMB42,812,000 in the Year, primarily as a result of the increase in the advertising and market expenses as more significant advertising expenses in promotion of the brand.

Administrative Expenses

Administrative expenses increased by 58.2% from RMB22,096,000 in 2009 to RMB34,964,000 in the Year, primarily due to the increase in staff salary and welfare payment, depreciation charges and listing expenses for the listing of the Company in early 2010.

Income Tax Expense

The income tax expense of the Group for the Year was RMB24,994,000 (2009: RMB15,170,000) at the effective tax rate of 17.7%.

Capital commitments and contingent liabilities

Details of the capital commitments of the Group as at December 31, 2010 are set out in note 13 to the consolidated financial statements of this announcement. As at December 31, 2010, the Group did not have any material contingent liabilities.

Profit attributable to shareholders and net profit margin

For the Year, profit attributable to the owners of the Company amounted to RMB116,452,000, representing an increase of 28.5% over that in the same period of 2009 (2009: RMB90,606,000). Net profit margin of the Group dropped to 16.3% (2009: 18.1%).

Final Dividends

The Board recommended the payment of a final dividend of HK$0.03 per share (2009: HK$0.034) to the shareholders of the Company whose names appear on the Register of Members of the Company on May 12, 2011. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the final dividend will be payable on or around June 2, 2011.

Closure of the Register of Members

The Register of Members of the Company will be closed from May 6, 2011 to May 12, 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend and attending the forthcoming annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong before 4:30 p.m. on May 5, 2011.

Human resources

As at December 31, 2010, the Group had a total of 2,372 employees (as at December 31, 2009: 2,111 employees).

Liquidity and Financial Resources

During the Year, net cash outflow from operating activities of the Group amounted to RMB78.4 million (2009: net cash outflow of RMB23.3 million). As at December 31, 2010, cash and cash equivalents, including bank deposits and cash in hand, and short-term bank deposits with original maturities not exceeding three months, amounted to RMB437.4 million, representing a net increase of RMB358.7 million as compared to the position as at December 31, 2009.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars.

During the Year, the Group did not hedge any exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may cause financial impacts on the Group.

Pledge of Assets

As at December 31, 2010, the Group secured its bank borrowings by prepaid land lease payments and building held for own uses with a carrying amount of RMB62.6 million (2009: RMB92.2 million), bank deposit of RMB54.0 million (2009: Nil) and trade receivables of RMB30.7 million (2009: RMB22.0 million).

Gearing Ratio

As at December 31, 2010, the gearing ratio of the Group was approximately 17.9% (2009: 35.2%), which was derived by dividing interest-bearing debt incurred in the ordinary course of business by total assets.

Material Acquisition and Disposal

The Group did not have any material acquisition and disposal during the Year.

Purchase, Sale or Redemption of Shares

Save as disclosed below, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the Year:

(1) Upon the listing of the Company on February 1, 2010, 250,000,000 new shares were issued under the share offer (the "Share Offer"). All such shares issued were ordinary shares and the 250,000,000 new shares were issued at HK$1.43 per share. On February 17, 2010, the lead manager of the Share Offer fully exercised the over-allotment option and the Company issued an additional 37,500,000 new shares at HK$1.43 per share. The net proceeds of the Share Offer and from the exercise of the over-allotment option received by the Company were approximately HK$335.4 million and HK$46.3 million respectively. For detailed use of the aforesaid proceeds, please refer to the paragraph headed "Use of Net Proceeds from the Share Offer" below. For further details of the aforesaid issues of shares, please refer to the prospectus of the Company date January 19, 2010, the announcements of the Company dated January 29, 2010 and February 17, 2010 respectively.

(2) The Company had issued 157,500,000 new shares at an issue price of HK$1.89 per share on December 7, 2010 (the "Placing") pursuant to a placing and subscription agreement entered into among the Company, China Merchants Securities (HK) Co., Limited (as placing agent), ICBC International Securities Limited (as placing agent) and Glory Hill Enterprises Limited (as vendor) dated November 24, 2010. The net proceeds from the Placing of approximately HK$290.2 million were used as general working capital purpose in supporting the intended business development of the Group from time to time. For further details of the Placing, please refer to the announcements of the Company dated November 24, 2010 and December 7, 2010 respectively.

Placing of Non-listed Warrants

On August 26, 2010, the Company entered into a warrant placing agreement with China Merchants Securities (HK) Co., Limited (the "Placing Agent") whereby the Company appointed the Placing Agent to procure not less than six placees (the "Placees") to subscribe for up to 30,000,000 warrants (the "Warrants") at the issue price of HK$0.01 per Warrant (the "Warrant Placing").

The Warrants entitled the Placees to subscribe for a maximum of 30,000,000 new shares of the Company at an initial subscription price of HK$1.60 per share, subject to adjustments, at any time from September 13, 2010 to September 12, 2012, both dates inclusive.

The Warrant Placing was completed on September 13, 2010 for which an aggregate of 30,000,000 Warrants had been successfully placed to not less than six Placees.

The net proceeds from the Warrant Placing of approximately HK$115,900 were applied as general working capital of the Group and any additional proceeds from the issue of the new shares upon the exercise of the subscription rights attaching to the Warrants in future up to a maximum amount of HK$48 million will be applied as general working capital and as funds for future development of the Group.

No Warrants were exercised since the date of issue and up to the date of this announcement. For further details of the Warrant Placing, please refer to the announcements of the Company dated August 26, 2010 and September 13, 2010 respectively.

Use of Net Proceeds from the Share Offer

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on February 1, 2010 with net proceeds from the Share Offer and exercise of the over-allotment option received by the Company of approximately HK$335.4 million (approximately RMB295.2 million) and HK$46.3 million (approximately RMB40.7 million) respectively (after deducting underwriting commission and related expenses). The following table sets out the status of the use of net proceeds as at December 31, 2010:

Use of Net Proceeds *(RMB million)*	**Available to utilise**	**Utilised (as at December 31, 2010)**	**Unutilised (as at December 31, 2010)**
Expansion of production capacity	102.1	44.3	57.8
Expansion of the sales network and market penetration	102.4	5.7	96.7
Develop and increase brand awareness	80.0	25.0	55.0
Enhancement of research and development capabilities	26.9	11.0	15.9
Working capital	24.5	24.5	–
	335.9	110.5	225.4

Future Prospects

As China is one of the fastest growing economies worldwide, coupled with the ongoing economic stimulus plans implemented by the PRC government to drive domestic demand, the Group believes that the gross domestic product in the PRC will continue to grow and the sportswear market in China will maintain steady growth.

Looking forward, the Group will focus on the development of "Meike" brand by:

- Expansion of production capacity of apparel products, including one manufacturing facility, two logistic centers and the purchases of machinery and equipment, on the piece of land at Shanxia Village, Dhanxia Town, Huian County, Quanzhou City, Fujian Province, thereby increasing the production capacity of apparel products from approximately 1,600,000 pieces per annum as at December 31, 2010 to approximately 5,800,000 pieces per annum by 2011;

- Enhancement of research and development capabilities, including establishment of a research and development center. Besides, the Group will increase the expenditure in research and establishment development by increasing purchases of facilities for material research, product testing, innovation and technology development and the recruitment of experts and designers.

- Expansion of the sales network and market penetration including expansion and improvement of the coverage of the Group's distribution network and continue for the provision of renovation subsidies in the form of standardized promotional materials and display equipment to the Group's distribution outlets and retailer outlets. The Group currently anticipates that the number of its outlets will reach 2,465 by the end of 2011.

- Brand recognition enhancement by devoting more resources in organizing trade fairs (the Group had enhanced the frequency of trade fairs from two to three during the Year including spring-summer, autumn and winter and plans to enhance from three to four in the coming future), brand promotion, sponsorship of sports league and events, media advertising, launching marketing campaigns and activities.

- Product diversification by introducing kid's apparel and will be launched in 400-500 selected outlets in the year of 2011.

CORPORATE GOVERNANCE

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing best practice.

The Group's corporate governance practices are based on the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Board considered that the Company had complied with the code provisions of the Code from the date of listing of the Company on February 1, 2010 (the "Listing Date") up to the date of this announcement, except for the deviation from code provision A.2.1 of the Code as stated below.

Code provision A.2.1

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of ''chief executive officer''. This deviated from the code provision A.2.1.

Mr. Ding Siqiang, who acts as the chairman and the president of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive Directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility to comply. If compliance is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

Model code for Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions from the Listing Date and up to the date of this announcement.

Audit committee

The Company established an audit committee of the Company (the "Audit Committee") on January 6, 2010 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. The Audit Committee currently has three members comprising Mr. Xie Weichun (Chairman), Mr. Yang Chengjie and Mr. Xiang Shimin, all being independent non-executive Directors.

The Audit Committee had reviewed the Group's internal controls for the Year. The Group's final results for the Year had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement complies with the Listing Rules. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

PUBLICATION OF THE ANNUAL REPORT

The 2010 annual report of the Company will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.meike.cn), and will be despatched to the shareholders in April, 2011.

By Order of the Board
Meike International Holdings Limited
Ding Siqiang
Chairman

Hong Kong, March 23, 2011

As at the date of this announcement, the Board comprises Mr. Ding Siqiang (Chairman), Ms. Ding Xueleng, Mr. Sun Keqian, Ms. Ding Jinzhu, Mr. Lin Yangshan and Mr. Li Dongxing as Executive Directors; and Mr. Yang Chengjie, Mr. Xiang Shimin and Mr. Xie Weichun, as Independent Non-Executive Directors.