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 2013

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 31 December 2013 (the "Year") were as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Revenue	*3*	**230,521**	331,487
Cost of sales		**(227,451)**	(313,587)
Gross profit		**3,070**	17,900
Other income	*4*	**47,614**	2,004
Other gains and losses, net	*4*	**–**	139
Impairment loss recognised in respect of plant and equipment		**(5,519)**	–
Impairment loss recognised in respect of trade receivables	*10*	**(180,870)**	(85,247)
Selling and distribution expenses		**(55,530)**	(24,936)
Administrative expenses		**(46,575)**	(37,614)
Other operating expenses		**(11,819)**	(10,551)
Finance costs	*5*	**(7,643)**	(13,323)
Loss before tax		**(257,272)**	(151,628)
Income tax credit	*6*	**2,648**	731
Loss and total comprehensive expense for the year	*7*	**(254,624)**	(150,897)
Loss per share			
Basic and diluted (RMB)	*8*	**(0.215)**	(0.127)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**145,424**	161,563
Prepaid lease payments		**45,967**	47,065
Deferred tax assets		**–**	3,861
		191,391	212,489
Current assets			
Inventories		**60,798**	99,992
Trade, bills and other receivables	*10*	**213,584**	417,537
Prepaid lease payments		**1,098**	1,098
Short-term bank deposits		**89,099**	86,050
Bank balances and cash		**165,943**	175,059
		530,522	779,736
Current liabilities			
Trade and other payables	*11*	**25,841**	41,102
Amount due to a related company		**60**	15
Bank borrowings		**176,750**	171,800
		202,651	212,917
Net current assets		**327,871**	566,819
Total assets less current liabilities		**519,262**	779,308
Capital and reserves			
Share capital		**10,355**	10,355
Reserves		**508,907**	762,444
Total equity		**519,262**	772,799
Non-current liability			
Deferred tax liabilities		**–**	6,509
		–	6,509
		519,262	779,308

Notes:

1. GENERAL

Meike International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 June 2009. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 February 2010. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report. 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 and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and trading of sporting goods. 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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in 2012
Amendments to HKFRS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK (International Financial Reporting Interpretation Committee) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Except as explained below, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's consolidated financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK Int 12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee if and only if it has (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee and (c) the ability to use its power to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. The application of HKFRS 10 does not have any material impact on the Group.

As a result of the initial application of HKFRS10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferred Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Hong Kong (International Financial Reporting Interpretation Committee) — Interpretation ("Int") 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014 excepted as disclosed below. Early application is permitted.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 January 2016.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HAKS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss and other comprehensive income.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss and other comprehensive income, HKFRS 9 requires that 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 presented 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. 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 presented in profit or loss.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014 with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with early application permitted and require retrospective application.

The directors of the Company anticipate that application of these amendments to HKAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

The directors of the Company anticipate that the application of the other new and revised HKFRSs 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 sales of sporting goods, including footwear, apparel and accessories and shoe sole, net of sales related taxes. An analysis of the Group's revenue is as follows:

	2013	2012
	RMB'000	*RMB'000*
Footwear	**120,800**	224,857
Apparel	**90,170**	104,123
Accessories and shoe sole	**19,551**	2,507
	230,521	331,487

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.

Segment revenues, results, assets and liabilities

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.

Geographical information

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.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group is as follows:

	2013	2012
	RMB'000	*RMB'000*
Customer A	**N/A***	49,647
Customer B	**N/A***	48,748
Customer C	**N/A***	35,394

* The corresponding revenue did not contribute over 10% of the total sales of the Group.

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2013	2012
	RMB'000	*RMB'000*
Other income		
Government grants *(Note)*	**68**	45
Interest income	**3,450**	1,852
Reversal of impairment loss recognised in respect of trade receivables	**44,045**	–
Others	**51**	107
	47,614	2,004
Other gains and losses, net		
Gain on lapse of derivative financial instruments	**–**	139
	–	139

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

	2013	2012
	RMB'000	*RMB'000*
Interest expenses on bank borrowings wholly repayable within five years	**7,643**	13,323

No borrowing costs were capitalised for the two years ended 31 December 2013 and 2012.

6. INCOME TAX CREDIT

	2013	2012
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
– Current tax	**–**	–
– Under-provision in prior years	**–**	884
Deferred tax		
– Current year	**(2,648)**	631
– Attributable to a change in tax rate	**–**	(2,246)
	(2,648)	(731)

Pursuant to the rule and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits in Hong Kong during two the years ended 31 December 2013 and 2012.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for entities that are entitled to different concessionary tax rates as disclosed below.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are exempted from EIT for two years starting from their first profit-making year followed by a 50% reduction for the next three years up to 31 December 2012. As a result of the expiry of the preferential tax reduction, the income tax rate applicable to the PRC subsidiaries changed from 12.5% to 25% with effect from 1 January 2013. The change in the carrying amount of the deferred tax (liabilities) assets as a result of the change in tax rate from 12.5% to 25% had been reflected in the consolidated financial statements for the year ended 31 December 2012.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No.1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 1 January 2008 are exempted from the withholding tax. No withholding tax were accrued as the Group did not generate distributable profits for the years 31 December 2013 and 31 December 2012.

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	RMB'000	*RMB'000*
Loss before tax	**(257,272)**	(151,628)
Tax at the domestic income tax rate of 25% (2012: 25%)	**(64,318)**	(37,907)
Increase in opening deferred tax assets resulting from the change in applicable tax rate	**–**	(2,246)
Tax effect of non-deductible expenses	**11,549**	186
Tax effect of deductible temporary differences not recognised	**29,362**	21,312
Under-provision in prior years	**–**	884
Tax effect of unused tax losses not recognised	**20,759**	17,040
Income tax credit for the year	**(2,648)**	(731)

The domestic tax rate in the PRC is used as it is where the operation of the Group is substantially based.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2013	2012
	RMB'000	*RMB'000*
Salaries and allowances	**45,412**	51,155
Contributions to retirement benefits scheme	**6,753**	10,201
Share-based payments	**1,087**	2,052
Total staff costs (including directors' and chief executive's emoluments)	**53,252**	63,408
Auditors' remuneration	**778**	714
Cost of inventories recognised as an expense	**227,451**	316,113
Reversal of allowance for inventories (included in cost of sales)	**–**	(2,526)
Amortisation of prepaid lease payments	**1,098**	1,097
Depreciation of property, plant and equipment	**9,644**	9,791
Research and development costs (included in other operating expenses) *(Note)*	**8,623**	9,017
Loss on disposal of property, plant and equipment	**361**	57
Net foreign exchange losses	**(222)**	(68)
Operating lease rentals in respect of rented premises	**1,641**	1,579
Rental income	**(51)**	(39)

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. LOSS PER SHARE

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

	2013	2012
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(254,624)**	(150,897)

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,184,610**	1,184,610

The diluted loss per share for the years ended 31 December 2013 and 2012 are the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding during both years.

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (2012: nil).

10. TRADE, BILLS AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**381,301**	388,083
Less: provision of impairment loss	**(202,698)**	(85,247)
	178,603	302,836
Bills receivables	**6,300**	23,060
Trade and bills receivables	**184,903**	325,896
Other receivables	**4,581**	29,935
Prepayment to suppliers	**21,759**	55,981
Prepayment for advertising	**–**	663
Other prepayments	**2,341**	4,637
Income tax recoverable	**–**	425
Other receivables and prepayments	**28,681**	91,641
Trade, bills and other receivables	**213,584**	417,537

The Group does not hold any collateral over these balances.

The Group generally allows an average credit period ranging from 180 days to 270 days to its trade customers depending on their financial strength, past credit history and business performance history. As of the end of the reporting period, the aged analysis of trade receivables, net of provision of impairment loss recognised presented based on the invoice dates which approximated the respective revenue recognition dates, are as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**71,289**	96,467
91 to 180 days	**42,408**	90,929
181 to 365 days	**64,906**	95,981
Over 365 days	**–**	19,459
Total	**178,603**	302,836

In determining the recoverability of receivables, the Group considers whether there has been adverse change in the credit standing of the debtors from the date on which credit was initially granted. The directors of the Company believe that there was no further credit provision required in excess of the accumulated impairment loss already provided for in the consolidated financial statements.

The movement in provision for impairment loss of trade receivables was as follows:

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**85,247**	–
Recognised during the year	**180,870**	85,247
Reversal of impairment of provision	**(44,045)**	–
Written-off	**(19,374)**	–
At 31 December	**202,698**	85,247

Included in the provision for impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB202,698,000 (2012: RMB85,247,000). The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, provision for impairment loss is recognised.

All bills receivables were aged within 30 days from the invoice date for the years ended 31 December 2013 and 2012.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**166,263**	220,918
Past due but not impaired:		
Within 90 days	**12,340**	47,745
91-180 days	**–**	14,714
Over 180 days	**–**	19,459
Total	**178,603**	302,836

The Group's neither past due nor impaired trade receivables relate to a large number of diversified customers for whom there was a long term relationship between the Company and those diversified customers. Based on past experience, 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.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment provision 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.

As at 31 December 2013, the carrying amount of the trade receivables which have been pledged as security for the borrowing is approximately RMB70,257,000 (2012: RMB101,846,000). The carrying amount of the associated liability is RMB57,650,000 (2012: RMB80,500,000).

The following were the Group's financial assets as at 31 December 2013 and 2012 that were transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing. The financial assets are carried at amortised costs in the Group's consolidated statement of financial position.

	2013	2012
	RMB'000	*RMB'000*
Bills receivable discounted to banks with full recourse		
Carrying amount of transferred assets	**70,257**	101,846
Carrying amount of associated liabilities	**(57,650)**	(80,500)
Net position	**12,607**	21,346

11. TRADE AND OTHER PAYABLES

	2013 *RMB'000*	2012 *RMB'000*
Trade payables	**6,162**	16,169
Other payables	**5,797**	6,691
Other tax payables	**4,117**	7,099
Receipts in advance	**1,495**	3,127
Accrued payroll and staff welfare	**8,270**	8,016
	19,679	24,933
Trade and other payables	**25,841**	41,102

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

	2013 *RMB'000*	2012 *RMB'000*
Within 90 days	**5,168**	9,405
91 to 180 days	**259**	107
181 to 365 days	**182**	841
Over 365 days	**553**	5,816
Total	**6,162**	16,169

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:

	2013 *RMB'000*	2012 *RMB'000*
Within one year	**1,334**	918
In the second to fifth years inclusive	**1,636**	1,221
	2,970	2,139

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average of 2 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:

	2013	2012
	RMB'000	*RMB'000*
Contracted for but not provided in the consolidated financial statements	**35,733**	35,791

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

2013 is a challenging year for the Group and the Board believes that the growth of the sportswear industry will remain slow as China's consumption market remains sluggish and the global economy reached only subdued growth. Besides, competition among the sportswear industry remains intense due to the deeper discounts, especially offered by the major industry players. In order to remain competitive in the industry, the Group will continue to focus on the development of the "Meike" brand by continuing to enhance the capabilities of product research and development, closely monitor the development of our distribution channels and continue to revise and enhance the sales order management.

Business Review

During the second half of the year, the Group has fasten the pace to clear the excessive level of inventories in order to avoid further loss on the value of the inventories and to save cost for storage, rent and operation cost of the discount outlets. The Group has written-down an approximately RMB105,920,000 of inventories that were off-seasons and slow-moving and sold through various independent third party export companies for an aggregate amount of approximately RMB41,405,000 and resulted in loss of approximately RMB64,515,000. Besides, a one-off subsidy of approximately RMB51,000,000 has been granted to our distributors in the second half of the Year. The purpose of the subsidy is to (i) support the retail terminals to improve and have better integration; (ii) enhance the outlet's image through redesign and renovation of the Meike retail stores; (iii) support the distributors in providing training, including promotion and marketing skills of salespersons to improve the quality of services; (iv) support the distributors to clear-off excessive inventories; and (v) support the distributors to clear off excessive inventories of the retail terminals.

Besides, the Group has completed the integration programme as at the end of the Year. The Group had terminated the distributorship with 4 distributors and worked with the distributors to close down 635 retail stores with significant loss or significant drop in sales during the Year. As at 31 December 2013, the Group has 15 distributors, overseeing 562 outlets which comprised 434 Meike distributor outlets and 126 Meike retailer outlets. These outlets located in 14 provinces, autonomous regions and municipalities and more than 300 districts, counties and county-level cities in the People's Republic of China ("PRC").

The following table sets out the total number of the Group's distributors and outlets (including Meike distributor outlets and Meike retailer outlets) in China as at 31 December 2013 and 31 December 2012, respectively by geographical locations:

	As at 31 December			
	2013		2012	
	Distributors	**Outlets**	Distributors	Outlets
East China[1]	**9**	**447**	8	540
Central South China[2]	**4**	**97**	6	475
Southwest China[3]	**–**	**–**	2	98
Northeast China[4]	**1**	**14**	1	49
Northwest China[5]	**–**	**–**	2	35
North China[6]	**1**	**4**	–	–
Total	**15**	**562[8]**	19	1,197[7]

Notes:

(1) East China includes Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong;

(2) Central South China includes Hunan, Hubei, Henan, Guangdong, Guangxi and Shanxi;

(3) Southwest China includes Chongqing, Sichuan, Guizhou and Yunnan;

(4) Northeast China includes Liaoning and Heilongjiang;

(5) Northwest China includes Gansu, Qinghai, Ningxia and Xinjiang;

(6) North China includes Inner Mangolia;

(7) 508 were Meike distributor outlets and 689 were Meike retailer outlets;

(8) 434 were Meike distributor outlets and 128 were Meike retailer outlets.

For export products, the Group mainly sells footwear products through export companies or directly to overseas customers. Before 2007, export products were a major source of the Group's revenue. In 2006, as the Group adjusted its strategy to further develop the "Meike" products, the Group changed its focus of operation from export products to the "Meike" products.

Through the export companies and overseas customers, the Group's export products were ultimately sold to 11 overseas countries, including Germany, Finland, the United States, Turkey, South Africa, Russia, Australia and Morocco. As many of the local export company customers and overseas customers have long term relationships with the Group, the Group believes that such customers have been and will continue to be loyal. The Group will continue to enhance its product design capacity, gain a better control of its production costs and maintain the high quality of its products to meet the requirements of the export company customers and overseas customers.

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 institutes in the PRC. Substantially all of the Group's design team members graduated from colleges in the PRC and have design or art related diploma and have more than 8 years design related experience after joining the Group. To maintain an international perspective to the Group's designs, each product design team visits the leading fashion stores, shopping centres and attends fashion shows in South Korea, North America and Europe from time to time, 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 31 December 2013, the Group had a total of 49 full-time employees in its design and development department.

FINANCIAL REVIEW

Revenue by product category

	2013	2012		**2013**	2012
	RMB'000	*RMB'000*	Change (%)	% of total revenue	
Domestic					
Footwear	**53,288**	120,426	(55.8)	**23.1**	36.3
Apparel	**69,924**	100,430	(30.4)	**30.3**	30.3
Accessories and shoe soles	**19,551**	2,507	680.0	**8.5**	0.8
	142,763	223,363	(36.1)	**61.9**	67.4
Export					
Footwear	**46,353**	82,418	(43.8)	**20.1**	24.9
Footwear (Meike brand)	**21,159**	–	–	**9.2**	–
Apparel (Meike brand)	**20,246**	–	–	**8.8**	–
Repurchased product sold to export companies					
Footwear	**–**	22,013	(100.0)	**–**	6.6
Apparel	**–**	3,693	(100.0)	**–**	1.1
	87,758	108,124	(18.8)	**38.1**	32.6
Total	**230,521**	331,487	(30.5)	**100**	100
Gross profit margin (%)	**1.3**	5.4			

For the Year, the revenue of the Group decreased by approximately 30.5% to approximately RMB230,521,000 (for the year ended 31 December 2012: approximately RMB331,487,000) and the gross profit margin dropped by approximately 76.0% to approximately 1.3% (for the year ended 31 December 2012: approximately 5.4%). This is mainly due to RMB105,920,000 of inventories which were off-season and slow-moving have been written-down by the Group in the second half of the year and have sold through various independent third party export companies for an aggregate amount of approximately RMB41,405,000, resulted in loss of approximately RMB64,515,000. Assuming there was no loss from the inventories that have been written-down and re-sale to overseas by the Group during the Year and no loss from the inventories repurchased programme in 2012, gross profit margin for the Year should be approximately 35.7%, and increased by 31.3%.

Revenue from domestic sales of footwear products decreased by approximately 55.8% from approximately RMB120,426,000 for the year ended 31 December 2012 to approximately RMB53,288,000 for the Year, mainly as a result of the intensified competition, such as deeper discounting, intensive promotional sales from the major local brands and the reduced demand for our "Meike" products.

Revenue from the domestic sales of the Group's apparel products decreased by approximately 30.4% from approximately RMB100,430,000 for the year ended 31 December 2012 to approximately RMB69,924,000 for the Year, mainly due to the decreased in the average selling price from approximately RMB78 for the year of 2012 to approximately RMB69 for the year and the decrease in the demand of the Group's apparel products due to the intensified competition from local brands.

Revenue from sales of accessories and shoe soles increased by approximately 680.0% from approximately RMB2,507,000 for the year ended 31 December 2012 to approximately RMB19,551,000 for the Year, predominantly due to the increase in the sales of shoe sole during the year.

Revenue from export sales decreased by approximately 18.8% from approximately RMB108,124,000 for the year ended 31 December 2012 to approximately RMB87,758,000 for the Year. Despite the inventories that have been written-down and sold through various independent third party export companies, sales volume of export sales was decreased by approximately 43.8%, which was mainly due to the slow recovery and uncertainty in the global economy, especially the economy in Europe, many countries still experienced slower growth and stagnant capital flows.

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

	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
Central South China	**76,972**	**53.9**	95,134	42.6
East China	**55,593**	**38.9**	92,444	41.3
Southwest China	**5,332**	**3.7**	34,820	15.6
Northeast China	**3,508**	**2.5**	106	0.1
Northwest China	**1,208**	**0.9**	859	0.4
North China	**150**	**0.1**	–	–
Total	**142,763**	**100**	223,363	100

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

	2013		2012	
	Total units sold	**Average selling price**	Total units sold	Average selling price
	'000	***RMB***	*'000*	*RMB*
Sales to distributors				
Footwear (pairs)	**730**	**73**	1,630	75
Apparel (pieces)	**1,013**	**69**	1,302	78
Accessories (pieces)	**600**	**6**	289	8
Shoe soles (pairs)	**3**	**13**	15	17
Sales to export companies and overseas customers				
Footwear (pairs)	**1,716**	**39**	1,781	46
Apparel (pieces)	**1,100**	**18**	–	–

Revenue from domestic sales of footwear products of the Group decreased by approximately 55.8% to approximately RMB53,288,000 in the Year (2012: approximately RMB120,426,000), mainly attributable to the decrease in the sales volume of footwear products by approximately 55.2% to approximately 0.73 million pairs (2012: approximately 1.63 million pairs).

Revenue from domestic sales of apparel products of the Group decreased by approximately 30.4% to approximately RMB69,924,000 in the Year (2012: approximately RMB100,430,000), mainly attributable to the decrease in the sales volume of apparel products by approximately 22.2% to approximately 1.01 million pieces (2012: approximately 1.30 million pieces) and the decrease in the average selling price of approximately 11.5% to approximately RMB69 (2012: approximately RMB78).

Cost of sales

Cost of sales decreased by approximately 27.5% to approximately RMB227,451,000 in 2013 (2012: approximately RMB313,587,000), primarily as a result of the decrease in sales of the Group's products.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 122.7% from approximately RMB24,936,000 in 2012 to approximately RMB55,530,000 in the Year, primarily as a result of a one-off subsidy has been granted to our distributors in the second half of the year.

Administrative expenses

Administrative expenses increased by approximately 23.8% from approximately RMB37,614,000 in 2012 to approximately RMB46,575,000 in the Year, primarily due to the increase in staff salary and welfare payment and research and development expenses.

Income tax credit

The income tax credit of the Group for the Year was approximately RMB2,648,000 (2012: income tax credit of approximately RMB731,000).

Inventories and Provision for Inventories

The following table sets out the aging analysis of inventories net of allowance for inventories:

	As at 31 December 2013				As at 31 December 2012			
	Raw Materials	**Work-in-progress**	**Finished Goods**	**Total**	Raw Materials	Work-in-progress	Finished Goods	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	**10,463**	**3,212**	**39,273**	**52,948**	27,514	4,602	40,795	72,911
91-180 days	**3,139**	**–**	**–**	**3,139**	3,455	–	16,695	20,150
181-365 days	**1,750**	**–**	**–**	**1,750**	6,931	–	–	6,931
Over 365 days	**2,961**	**–**	**–**	**2,961**	–	–	–	–
	18,313	**3,212**	**39,273**	**60,798**	37,900	4,602	57,490	99,992

The Group generally procures raw materials and commences production after having confirmed purchase orders with our distributors after our sales fairs in order to control the levels of raw materials and keep finished goods inventories at an optimal level to meet our production and sales needs.

Inventories decreased by approximately 39.2% from approximately RMB100.0 million as at 31 December 2012 to approximately RMB60.8 million as at 31 December 2013 and number of days of inventory turnover decreased from 137.4 days for the year ended 31 December 2012 to 127.3 days for the year ended 31 December 2013. This was because the Group has written-down an approximately RMB105,920,000 of inventories that were off-seasons and slow-moving and sold through various independently third party export companies for an aggregate amount of approximately RMB41,405,000, in order to avoid further loss on the value of the inventories and to save cost for storage, rent and operation cost of the discount outlets.

The Group made specific provision on inventories. The Group has conducted physical counts from time to time to identify obsolete, damaged or slow-moving inventories. Provision will be made on an item of inventories if the carrying amount is lower than the net realisable value.

No allowance has been made on finished goods as at 31 December 2013 as all the slow-moving and off-season finished goods have been cleared by the Group during the second-half of 2013.

No provision was made for work-in-progress as those work-in-progress was still in progress and for orders of early 2014.

Trade and Other Receivables and Provision for Impairment Loss

The Group generally granted each of our distributors a credit period of no more than 180 days, however, the Group has extended the credit period for certain distributors up to 270 days during the Year upon negotiation after considering their financial strength, past credit history and business performance history. The Group believed that this would allow these distributors more flexibility, which in turn might encourage them to sustain their development of the Group's brand or enhance their sales even in market with intensified competition in the market and reduction in demand. This measure was adopted by the Group temporarily and will be revised from time to time according to the market situation.

Trade receivables, net of provision for impairment loss, decreased by approximately 41.0% from approximately RMB302.8 million as at 31 December 2012 to approximately RMB178.6 million as 31 December 2013. Besides, turnover day of trade receivables decreased from approximately 483.8 days for the year ended 31 December 2012 to approximately 381.1 days for the year ended 31 December 2013. The reason for the decrease the turnover day of trade receivables was mainly due to a significant amount of impairment loss in respect of trade receivables, amounting of RMB180.9 million, was further recognised as at the end of the year, this was because starting from the second half of 2011, the demand in the sportswear was obviously reduced but at the same time the sportswear industry experienced intensive competition as certain major players have repurchased inventories from their distributors and re-sold with deeper discounting in their factory outlets or discount stores in order to reduce their excessive inventory level. Sales of the Group's distributors have been greatly affected and deteriorated significantly, who then, delayed their payment to settle their outstanding balances due to the Group.

Other receivables mainly represented the prepayment to the Group's suppliers as the Group had to retain sufficient materials to cope with the Group's production plans.

The Group estimated impairment loss on trade and other receivables resulting from the inability of customers to make the required payments and then there was objective evidence that the Group would not be able to collect all amounts due. The Group made the estimates based on the payment history, customer's credit worthiness, historical write-off experience and default or delinquency in payments. During the year ended 31 December 2013, impairment loss in respect of trade receivables was recognised in the consolidated statement of comprehensive income amounting to approximately RMB180.9 million.

No impairment loss was recognised in respect of other receivables.

Details of trade and other receivables as at 31 December 2013 are set out in Note 10 to the consolidated financial statements in this announcement.

Liquidity and Financial Resources

During the Year, net cash outflow from operating activities of the Group amounted to approximately RMB7.5 million (2012: net cash inflow of approximately RMB156.8 million). This is mainly caused by the substantial decrease in the trade, bills and other receivables and inventories as sales of the Group decreased significantly and meanwhile, the Group has fasten the pace to clear the excessive level of inventories during the Year. As at 31 December 2013, bank balances and cash in hand and short-term bank deposits amounted to approximately RMB255.0 million, representing a net decrease of approximately RMB6.1 million as compared to the position as at 31 December 2012. As at 31 December 2013, the Group's cash balances were denominated in Renminbi and Hong Kong Dollars only.

Pledge of Assets

As at 31 December 2013, the Group secured its bank borrowings by prepaid land lease payments and buildings held for own uses with a carrying amount of approximately RMB74.4 million (2012: approximately RMB73.5 million) and trade receivables of approximately RMB70.3 million (2012: approximately RMB101.8 million).

Capital Commitments and Contingent Liabilities

Details of the capital commitments of the Group as at 31 December 2013 are set out in Note 13 to the consolidated financial statements in this announcement. As at 31 December 2013, the Group did not have any material contingent liabilities.

Final Dividend

No final dividend was recommended by the Board for the year ended 31 December 2013.

Loss Attributable to Shareholders and Net Loss Margin

For the Year, loss attributable to the owners of the Company amounted to approximately RMB254,624,000, representing an increase of approximately 68.7% over that in the same period of 2012 (2012: loss attributable to the owners of the Company amounted to approximately RMB150,897,000). Net loss margin of the Group dropped to approximately 110.5% (2012: net loss margin approximately 45.5%).

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.

Gearing Ratio

As at 31 December 2013, the gearing ratio of the Group was approximately 24.0% (2012: approximately 17.3%), which was derived by dividing interest-bearing debt incurred in the ordinary course of business by total assets.

Interest-bearing Bank Loans

As at 31 December 2013, the Group's bank loans balance amounted to approximately RMB176.8 million, bearing interest rates from 5.88% to 6.60%, which were all due within one year.

Closure of the Register of Members

The Register of Members of the Company will be closed from 22 May 2014 to 26 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 21 May 2014.

Human Resources

As at 31 December 2013, the Group had a total of 1,434 employees (as at 31 December 2012: 1,518 employees).

Material Acquisition and Disposal

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

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 1 February 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 approximately 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 31 December 2013:

Use of Net Proceeds ***(RMB million)***	**Available to utilise (as at 1 January 2013)**	**Utilised (as at 31 December 2013)**	**Unutilised (as at 31 December 2013)**
Expansion of production capacity	14.9	2.3	12.6
Expansion of the sales network and market penetration	2.6	1.2	1.4
Develop and increase brand awareness	33.3	2.0	31.3
	50.8	5.5	45.3

Future Prospects

2013 is a challenging year for the Group as the demand for the sportswear is still low and the competition among the industry is still intense as major industry players continue to offer deeper discounts to clear their excess inventories. In order to cope with the current unfavourable market condition, the Group will continue to focus on the capabilities of product research and development to enhance the quality of our products and diversify our product lines in order to differentiate from other industry players. Meanwhile, the Group will continue to closely monitor the development of the distribution channels after the integration programme has been completed during the Year. The Group will keep revising and enhancing sales order management in order to avoid the pile up of inventories in both the distribution channels and the Group.

Purchase, Sales or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

CORPORATE GOVERNANCE

The Directors recognise 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 formalising best practice.

The Group's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (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 during the Year and up to the date of this announcement report, 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 code provision A.2.1 of the Code.

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

Model code for Securities Transactions by Directors of Listed Issuers

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 during the Year and up to the date of this announcement.

Audit committee

The Company established the audit committee (the "Audit Committee") on 6 January 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 Ms. Qiu Qiuxing (Chairman), Mr. Yang Chengjie and Mr. Lin Jiwu, all being independent non-executive Directors.

During the Year, the Audit Committee had reviewed the interim results and the final results of the Group 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 applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. 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 2013 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, 2014.

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

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises Mr. Ding Siqiang (Chairman), Ms. Ding Xueleng, Ms. Ding Jinzhu, Mr. Lin Yangshan, Mr. Li Dongxing and Mr. Ding Minglang as executive Directors; and Mr. Yang Chengjie, Mr. Lin Jiwu and Ms. Qiu Qiuxing as independent non-executive Directors.