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 ENDED 31 DECEMBER 2015

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 2015 (the "Year") were as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** **RMB'000**	2014 *RMB'000*
Revenue	*3*	**147,735**	163,029
Cost of sales		**(139,503)**	(146,669)
Gross profit		**8,232**	16,360
Other income	*4*	**13,711**	14,906
Impairment loss recognised in respect of property, plant and equipment		**(6,458)**	(10,490)
Impairment loss of trade receivables	*11*	**(61,017)**	(114,480)
Selling and distribution expenses		**(7,968)**	(9,336)
Administrative expenses		**(34,624)**	(38,489)
Other operating expenses		**(4,045)**	(11,567)
Finance costs	*5*	**(13,704)**	(12,079)
Loss before tax		**(105,873)**	(165,175)
Income tax	*6*	**–**	–
Loss and total comprehensive expense for the year	*7*	**(105,873)**	(165,175)
Loss per share			
Basic and diluted *(RMB)*	*8*	**(0.089)**	(0.139)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**68,951**	127,924
Prepaid lease payments		**10,674**	44,870
Investment in a film	*10*	**24,456**	–
Loan receivable		**20,380**	–
		124,461	172,794
Current assets			
Inventories		**16,361**	43,595
Trade, bills and other receivables	*11*	**114,670**	136,168
Prepaid lease payments		**297**	1,098
Pledged bank deposit		**5,000**	1,590
Short-term bank deposits		**36,165**	88,543
Bank balances and cash		**98,811**	141,791
		271,304	412,785
Current liabilities			
Trade, bills and other payables	*12*	**28,830**	27,875
Amount due to a related company		**1,280**	496
Bank borrowings		**117,300**	202,980
		147,410	231,351
Net current assets		**123,894**	181,434
		248,355	354,228
Capital and reserves			
Share capital		**10,355**	10,355
Reserves		**238,000**	343,873
		248,355	354,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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.

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 and the Company commenced to engage in the investments in films during the year ended 31 December 2015.

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") AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

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 HKAS 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 consider that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle has had no material impact in 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 amendments are applied prospectively. The Directors of the Company consider that the application of the amendments to HKFRSs 2011-2013 Cycle has had no material impact in the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans – Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The Directors of the Company consider that the application of the amendments to HKAS 19 has had no material impact on the Group's consolidated financial statements.

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.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

[1] *Effective for annual periods beginning on or after 1 January 2016.*

[2] *Effective for annual periods beginning on or after 1 January 2018.*

[3] *Effective date not yet been determined.*

The Directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and 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. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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 (2014), 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) 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 fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) 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 (2014) 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.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors of the Company anticipate that the application of HKFRS 9 in the future may have a material 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 the effect of HKFRS 9 until the Group undertakes a detailed review.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements "if not disclosed elsewhere in the interim financial report". The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue;

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the Directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer plants

The amendments to HKAS 16 and HKAS 41 define bearer plants. Biological assets that meet the definition of bearer plants are no longer accounted for under HKAS 41, but under HKAS 16 instead. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The amendments to HKAS 16 and HKAS 41 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Group does not have any biological assets, the Directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

(i) at cost;

(ii) in accordance with HKFRS 9 (or HKAS 39); or

(iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Company does not have any investment in associates or joint ventures, the Directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Company's financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The amendments to HKFRS 10 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Company does not have any investment in joint operations, the Directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Company does not have any investments in investment entities, the Directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operations

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business as defined in HKFRS 3 Business Combination. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Company does not have any investment in joint operations, the Directors of the Company do not anticipate that the application of the amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

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:

	2015	2014
	RMB'000	*RMB'000*
Footwear	**131,694**	110,548
Apparel	**10,519**	41,161
Accessories and shoe sole	**5,522**	11,320
	147,735	163,029

Information reported to the Board of Directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenues, results, assets and liabilities

The Directors of the Company have chosen to organise the Group around differences in products and services. The Group is principally engaged in the manufacturing and trading of sporting goods. During the year ended 31 December 2015, the Group commenced to engage in a new segment – Investments in films. Investments in films segment is reportable and separately disclosed as the Directors of the Company consider that such information would be useful to users of the consolidated financial statements. Specifically, the Group currently organises the reportable and operating segments as follows:

(i) Manufacturing and trading – trading of sporting goods manufactured by the Group; and

(ii) Investments in films – investments in production and distribution of films.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the years ended 31 December 2015 and 2014, the segment revenue and loss were mainly contributed by the manufacturing and trading segment.

Segment revenues and results

The following is analysis of the Group's revenue and results by reportable and operating segments:

	Manufacturing and trading Year ended 31 December		**Investments in films Year ended 31 December**		**Total Year ended 31 December**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**147,735**	163,029	**–**	–	**147,735**	163,029
Segment loss	**(84,090)**	(151,678)	**–**	–	**(84,090)**	(151,678)
Unallocated income					**3,316**	3,493
Unallocated expenses					**(25,099)**	(16,990)
Loss before tax					**(105,873)**	(165,175)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss incurred by each reportable segment without allocation of interest income, finance cost and certain administrative expenses and other income. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2015	2014
	RMB'000	*RMB'000*
SEGMENT ASSETS		
Manufacturing and trading	**208,784**	353,322
Investments in films	**24,456**	–
Unallocated	**162,525**	232,257
Total assets	**395,765**	585,579
SEGMENT LIABILITIES		
Manufacturing and trading	**24,550**	27,410
Investments in films	**–**	–
Unallocated	**122,860**	203,941
Total liabilities	**147,410**	231,351

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

- all assets are allocated to operating segments other than a loan receivable, pledged bank deposit, short-term bank deposits, bank balances and cash and certain other receivables and prepayments as these assets are managed on a group basis; and

- all liabilities are allocated to operating segments other than bank borrowings, amount due to a related company and certain other payables as these liabilities are managed on a group basis.

Geographical information

The Group's operations are located in the Hong Kong and the PRC (the place of domicile of the Group's operation).

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	PRC	Hong Kong	Other	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers				
Year ended 31 December 2015	**142,168**	**–**	**5,567**	**147,735**
Year ended 31 December 2014	163,029	–	–	163,029
Non-current assets				
As at 31 December 2015	**79,625**	**44,836**	**–**	**124,461**
As at 31 December 2014	172,794	–	–	172,794

Information about major customers

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

	2015	2014
	RMB'000	*RMB'000*
Customer A	**N/A***	28,628
Customer B	**42,054**	21,554
Customer C	**18,115**	17,076

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

4. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Government grants *(Note)*	**40**	3,097
Gain on disposal of a subsidiary	**1,115**	–
Exchange gain, net	**298**	312
Interest income	**3,018**	3,181
Gain on disposal of property, plant and equipment	**25**	–
Reversal of impairment loss recognised in respect of trade receivables	**9,164**	8,265
Rental income	**51**	51
	13,711	14,906

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

	2015	2014
	RMB'000	*RMB'000*
Interest expenses on bank borrowings wholly repayable within five years	**13,704**	12,079

No borrowing costs were capitalised for the years ended 31 December 2015 and 2014.

6. INCOME TAX

	2015	2014
	RMB'000	*RMB'000*
Current tax		
– PRC Enterprise Income Tax ("EIT")	**–**	–
Deferred tax		
– Current year	**–**	–
	–	–

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 in the consolidated financial statements as the Group did not generate any assessable profit arising from Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years. No provision of EIT has been made as the Group did not have any assessable profits subject to EIT Law for the years ended 31 December 2015 and 2014.

No withholding tax was accrued as the Group did not generate distributable profits for the years ended 31 December 2015 and 2014.

7. LOSS FOR THE YEAR

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

	2015	2014
	RMB'000	*RMB'000*
Salaries and allowances	**30,183**	31,855
Contributions to retirement benefits scheme	**3,362**	3,798
Share-based payments	**–**	141
Total staff costs (including Directors' and chief executive's emoluments)	**33,545**	35,794
Auditors' remuneration	**866**	763
Allowance of inventories (included in cost of sales)	**5,238**	–
Cost of inventories recognised as an expense	**134,265**	146,669
Amortisation of prepaid lease payments	**978**	1,097
Depreciation of property, plant and equipment	**4,871**	8,338
Research and development costs (included in other operating expenses) *(Note)*	**4,045**	5,387
(Gain) loss on disposal of property, plant and equipment	**(25)**	4,336
Written off of property, plant and equipment	**–**	1,845
Operating lease rentals in respect of rented premises	**449**	1,218

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

	2015	2014
	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	**(105,873)**	(165,175)

	2015	2014
	'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

Note:

The computation of diluted loss per share for the year ended 31 December 2014 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for the year ended 31 December 2014.

The computation of diluted loss per share for the year ended 31 December 2015 does not assume the exercise of the Company's outstanding share options before the cancellation of the 13,400,000 share options (the "Cancellation") on 11 December 2015 as the exercise price of those options is higher than the average market price of the Company's shares before the Cancellation. Subsequent to the Cancellation, the Company had no dilutive potential ordinary shares outstanding as at 31 December 2015.

As a result, the diluted loss per share was the same as the basic loss per share for both years.

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

10. INVESTMENT IN A FILM

	2015	2014
	RMB'000	*RMB'000*
Investment in a film	**24,456**	–

Pursuant to the agreement entered into between the Company and an independent third party, the Group has invested in a film with total investment amounting to RMB24,456,000 (equivalent to HK$30,000,000) and is entitled to a return of certain percentage of the profit to be derived from the release of the film in any media and in any format. In the opinion of the Directors of the Company, the film is expected to be released in early 2016.

11. TRADE, BILLS AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**179,027**	423,160
Less: provision of impairment loss	**(135,094)**	(308,913)
	43,933	114,247
Bills receivables	**–**	600
Trade and bills receivables	**43,933**	114,847
Other receivables	**5,935**	2,390
Prepayment to suppliers	**64,739**	18,320
Other prepayments	**63**	611
Other receivables and prepayments	**70,737**	21,321
Trade, bills and other receivables	**114,670**	136,168

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:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**26,565**	47,625
91 to 180 days	**9,892**	38,558
181 to 365 days	**7,476**	28,064
Total	**43,933**	114,247

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 of impairment loss on trade receivables was as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**308,913**	202,698
Recognised during the year	**61,017**	114,480
Reversal of impairment of provision	**(9,164)**	(8,265)
Eliminated on disposal of subsidiary	**(225,672)**	–
At 31 December	**135,094**	308,913

Included in the provision for impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB135,094,000 (2014: RMB308,913,000). 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.

No bill receivable was included in the balance of trade bills and other receivables as at 31 December 2015. (2014: approximately RMB600,000 aged within 30 days from the invoice date, which approximated the respective revenue recognition dates.)

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

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**39,973**	102,938
Past due but not impaired:		
Within 90 days	**257**	2,881
91-180 days	**–**	1,227
Over 180 days	**3,703**	7,201
Total	**43,933**	114,247

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 established between the Group and those diversified customers. In addition, to facilitate the evaluation process, the Group would take into account of ageing of receivable balances of each of the customers and their default rates in prior year, certain economic factors specific to each of the customers, the historical payment pattern and credit-worthiness of each customer, as well as the latest communication with each of customer and information received from these customers. In this regard, the Directors of the Company consider those balances that are neither past due not impaired are recoverable.

As at 31 December 2015, no trade receivable was pledged as security for the borrowing (2014: RMB6,297,000, the carrying amount of the associated liability is RMB5,300,000).

The following were the Group's financial assets as at 31 December 2015 and 2014 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 recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2015	2014
	RMB'000	*RMB'000*
Bills receivable discounted to banks with full recourse		
Carrying amount of transferred assets	**–**	6,297
Carrying amount of associated liabilities	**–**	(5,300)
Net position	**–**	997

12. TRADE, BILLS AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade and bills payables	**8,437**	13,130
Other payables	**11,489**	6,608
Other tax payables	**4,755**	4,226
Receipts in advance	**1,975**	93
Accrued payroll and staff welfare	**2,174**	3,818
	20,393	14,745
Trade, bills and other payables	**28,830**	27,875

Included in other payables are amounts due to Directors of the Company of approximately RMB1,607,000 (2014: RMB824,000) which are interest free, unsecured and repayable on demand.

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

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**7,619**	11,284
91 to 180 days	**287**	466
181 to 365 days	**228**	1,380
Over 365 days	**303**	–
Total	**8,437**	13,130

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.

As at 31 December 2015, the Group had no bill payable (31 December 2014: RMB5,300,000) secured by the Group's time deposit (31 December 2014: RMB1,590,000).

13. 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:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**150**	1,729
In the second to fifth year inclusive	**–**	760
	150	2,489

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.

14. CAPITAL COMMITMENTS

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

	2015	2014
	RMB'000	*RMB'000*
Contracted for but not provided in the consolidated financial statements	**–**	35,513

15. EVENTS AFTER REPORTING PERIOD

(a) The partial disposal of a subsidiary

On 25 January 2016, the Company entered into the agreement with the Champ Luck Enterprise Limited ("Champ Luck"), pursuant to which the Company has agreed to sell and the Champ Luck has agreed to acquire the 49% of the issued share capital of the Amber Jungle Limited, a subsidiary of the Group, for a total cash consideration of HK$52,000,000.

Details were set out in the announcements of the Company on 25 January 2016, 17 February 2016 and 18 February 2016.

(b) The change of substantial shareholder

On 28 January 2016, the Company was informed by Power Rich Development Limited ("Power Rich"), a former substantial shareholder of the Company directly wholly-owned by Dr. Allan Yap, who is the Chairman and executive Director of the Company, that it had entered into a sale and purchase agreement with a company controlled by CMC Holdings Limited (the "Purchaser"). The Company has been informed by Power Rich that the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules). Following completion of the transactions contemplated under the sale and purchase agreement, Power Rich will have disposed of its entire shareholding in the Company, representing 350,000,000 ordinary shares and approximately 29.55% of the total issued capital of the Company as at 28 January 2016 and will cease to be a substantial shareholder of the Company.

Details were set out in the announcement of the Company on 28 January 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Affected by the volatile economic situation and sluggish view of the future global and PRC market condition in the coming years, the consumer goods sector in PRC in general remained anemic. Some of the major brands have found their way to recovery by differentiating their brands from other competitors and modifying their business strategies like combining sports and entertainment in its marketing strategy. Nevertheless, similar to the situation in 2014, small to medium sports brands are still struggling in the muddy waters due to the lack of products differentiation and pressure from the major domestic and international major brands and the change in consumption pattern of the domestic customers, like on-line shopping.

Business Review

During the Year, sales of the Group decreased by approximately 9.4% from approximately RMB163,029,000 to approximately RMB147,735,000 as compared to the same period of 2014. This is mainly due to the decrease in sales of our own brand in the domestic market by approximately 53.5%. This is because the Group had closed down 137 Meike distributor outlets and 27 Meike retailer outlets with the distributors in order to avoid piling up of inventories and account receivables in the distribution channels as sales of such distributors remained low and some of their retail outlets recorded loss in operation during the Year. On the other hand, export sales to overseas market increased by approximately 18.8%, which is mainly due to more resources have been devoted by the Group to explore the overseas market in order to increase the volume of export sales to compensate the significant decrease in domestic sales.

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 2015 and 31 December 2014, respectively by geographical locations:

	As at 31 December			
	2015		2014	
	Distributors	**Outlets**	Distributors	Outlets
East China[(1)]	**2**	**98**	2	186
Central South China[(2)]	**3**	**44**	3	120
Total	**5**	**142**[(4)]	5	306[(3)]

Notes:

(1) East China includes Shanghai, Zhejiang and Fujian;

(2) Central South China includes Henan and Guangdong;

(3) 276 were Meike distributor outlets and 30 were Meike retailer outlets;

(4) 139 were Meike distributor outlets and 3 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 have been a major source of revenue of the Group. In 2006, as the Group adjusted its strategy to further develop the "Meike" brand, the Group changed its operation focus from export products to the development of "Meike" brand products.

Through the export companies and overseas customers, the Group's export products were ultimately sold to 20 overseas countries, including Germany, Turkey, Holland, Russia, Poland, Japan, Spain and Italy, etc. As many of the local export company customers and overseas customers have long term relationships with the Group, the Group believes that they have been and will continue to be our loyal customers. 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 demand 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. Almost all of the Group's design team members were graduated from colleges in the PRC and possess design or art related diplomas and have more than 10 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 can enable the design team to catch up with 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 2015, the Group had a total of 32 full-time employees in its design and development department.

Film Investment

To respond to the pessimistic picture of the market and downturn of business, the Company had not ceased to look for new business opportunities. Grabbing hold of the rising industrial trend of dual business strategy of an amalgam of sports and entertainment, the Company had entered into a film investment agreement with Mega-Vision Project Workshop Limited（星王朝有限公司）on 2 November 2015, of which the Company had invested HK$30,000,000 in a star-stunned blockbuster, From Vegas to Macau III（賭城風雲3）(the "Film"). The Film is a Hong Kong-Chinese action comedy film, which was released in February 2016, directed by Andrew Lau and Wong Jing and starring Chow Yun-fat, Andy Lau, Nick Cheung and Li Yuchun, with special appearances by Jacky Cheung and Carina Lau. The encouraging result of its box office in both Hong Kong and PRC had proved that the Company is moving towards an appropriate direction for improving the business performance and strategy of Company.

Future prospect and Outlook

2015 was a year of transformation for the Company. With the vision to start on a new direction for sustainable growth, the Company has begun steering into a new business strategy of the combination of sports and entertainment.

To continue to refine the business structure, the Company intends to dispose 49% interest in Amber Jungle Limited (the "Target Company"), a direct wholly-owned subsidiary of the Company. On 25 January 2016, the Company entered into the agreement with Champ Luck Enterprise Limited (the "Purchaser"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire 49% of the issued share capital of the Target Company, for a total cash consideration of HK$52,000,000 (the "Potential Disposal"). Provided the current volatile economic situation and sluggish view of the future global market condition in the coming years, and the estimated gain on disposal of 49% of the share capital of the Target Company for approximately HK$1,500,000, the Directors are of the view that the Potential Disposal represents a good opportunity to allow the Group to realise the capital invested in sales interests and improve the overall financial position of the Group, while maintaining the major control of the manufacturing and trading business of the Target Company. Upon completion, the amount of investment the Group is obligated to contribute in relation to its operation is expected to decrease in line with the reduction of its shareholding in the Target Company. Details of which are set out in the announcement dated 25 January 2016. A circular containing, among other matters, details of the Potential Disposal, together with a notice of extraordinary general meeting and the related proxy form, will be despatched to the shareholders of the Company as soon as practicable.

Meanwhile, to better reflect of the above strategic business plan and to give a more appropriate corporate image and identity, subject to further approval by the shareholders of the Company in an extraordinary general meeting, the Company intends and proposes to change its company names from "Meike International Holdings Limited" to "Shaw Brothers Holdings Limited" and the Chinese name of the Company from "美克國際控股有限公司" to "邵氏兄弟控股有限公司" ("Proposed Change of Company Names"). Details of which are set out in the announcement dated 19 February 2016. A circular containing, among other matters, details of the Proposed Change of Company Names, together with a notice of extraordinary general meeting and the related proxy form, will be despatched to the shareholders of the Company as soon as practicable.

Having tested the waters in film investment in 2015, the Board believes that the Company is heading towards a business strategy that can bring promising return to the Company. The Company shall continue to seek for suitable film and other investment opportunities which can better embody the new business strategy of the Company while generate future benefits to the Company.

All in all, with such fresh corporate image which is in line with the strategic business plan of the Company, togetherwith the leadership from the Board and the senior management of the Company, the Company will continue to identify and leverage on any valuable potential business opportunities while refining the business strategy according to the market and global economic conditions in order to achieve business growth for the benefit of the Company and its shareholders.

Financial Review

Revenue by product category

	2015	2014		**2015**	2014
	RMB'000	*RMB'000*	*Change (%)*	% of total revenue	
Domestic					
Footwear	**13,538**	16,185	(16.4)	**9.2**	9.9
Apparel	**10,465**	36,012	(70.9)	**7.1**	22.1
Accessories, shoe soles and others	**5,522**	11,320	(51.2)	**3.7**	6.9
	29,525	63,517	(53.5)	**20.0**	38.9
Export					
Footwear	**118,156**	81,522	44.9	**80.0**	50.0
Footwear (Meike brand)	**–**	12,841	–	**–**	7.9
Apparel (Meike brand)	**54**	5,149	(99.0)	**–**	3.2
	118,210	99,512	18.8	**80.0**	61.1
Total	**147,735**	163,029	(9.4)	**100**	100
Gross profit margin *(%)*	**5.6**	10.0			

For the Year, the revenue of the Group decreased by approximately 9.4% to approximately RMB147,735,000 (for the year ended 31 December 2014: approximately RMB163,029,000) and the gross profit margin decreased by approximately 44.0% to approximately 5.6% (for the year ended 31 December 2014: approximately 10.0%). The gross profit margin of 2015 was low mainly due to the increase in sales of export products, whereas the gross profit margin of export products was lower than the products sold domestically.

Revenue from the domestic sales of footwear products decreased by approximately 16.4% from approximately RMB16,185,000 for the year ended 31 December 2014 to approximately RMB13,538,000 for the Year, mainly as a result of the intensified competition, like deeper discounting, intensive promotional sales from major local brands and the closure of our 164 retail outlets, thus reducing the demand for our "Meike" products.

Revenue from the domestic sales of apparel products decreased by approximately 70.9% from approximately RMB36,012,000 for the year ended 31 December 2014 to approximately RMB10,465,000 for the Year, mainly due to the decrease in the average selling price from approximately RMB66 for the year of 2014 to approximately RMB63 for the Year and the decrease in the demand for the Group's apparel products due to the intensified competition from major local brands and the closure of our retail outlets.

Revenue from the domestic sales of accessories and shoe soles decreased by approximately 51.2% from approximately RMB11,320,000 for the year ended 31 December 2014 to approximately RMB5,522,000 for the Year, primarily due to the decrease in the sales of shoe soles during the Year.

Revenue from export sales increased by approximately 18.8% from approximately RMB99,512,000 for the year ended 31 December 2014 to approximately RMB118,210,000 for the Year. This is because more resources have been devoted by the Group to explore the overseas market in order to increase the volume of export sales.

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

	2015		2014	
	RMB'000	***%***	*RMB'000*	*%*
Central South China	**2,315**	**7.8**	21,581	34.0
East China	**27,210**	**92.2**	41,936	66.0
Total	**29,525**	**100**	63,517	100

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

	2015		2014	
	Total units sold	**Average selling price**	Total units sold	Average selling price
	'000	***RMB***	*'000*	*RMB*
Sales to distributors				
Footwear (pairs)	**524**	**29**	261	62
Apparel (pieces)	**166**	**63**	544	66
Accessories (pieces)	**–**	**–**	111	6
Shoe soles (pairs)	**2**	**11**	3	10
Sales to export companies and overseas customers				
Footwear (pairs)	**2,693**	**44**	2,104	45
Apparel (pieces)	**2**	**24**	163	32

Revenue from the domestic sales of footwear products of the Group decreased by approximately 16.4% to approximately RMB13,538,000 in the Year (2014: approximately RMB16,185,000), mainly attributable to the decrease in the average selling price of footwear products by approximately 53.2%, from RMB62 in the Year 2014 to RMB29 in the Year.

Revenue from the domestic sales of apparel products of the Group decreased by approximately 70.9% to approximately RMB10,465,000 in the Year (2014: approximately RMB36,012,000), mainly attributable to the decrease in the sales volume of apparel products by approximately 69.5% to approximately 0.17 million pieces in the Year (2014: approximately 0.54 million pieces) and the decrease in the average selling price of approximately 4.5% to approximately RMB63 in the Year (2014: approximately RMB66).

Cost of sales

Cost of sales decreased by approximately 4.9% to approximately RMB139,503,000 in 2015 (2014: approximately RMB146,669,000), primarily as a result of the decrease in the sales of the Group's products.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 14.7% from approximately RMB9,336,000 in 2014 to approximately RMB7,968,000 in the Year, primarily as a result of the decrease in domestic sales of the Group.

Administrative expenses

Administrative expenses decreased by approximately 10.0% from approximately RMB38,489,000 in 2014 to approximately RMB34,624,000 in the Year, primarily due to the decrease in staff salary, welfare payment and research and development expenses.

Income tax

The income tax expenses of the Group for the Year was nil (2014: nil).

Inventories and provision for Inventories

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

	As at 31 December 2015				As at 31 December 2014			
	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	**5,839**	**78**	**1,517**	**7,434**	6,832	417	15,017	22,266
91-180 days	**6,142**	**–**	**352**	**6,494**	8,138	–	7,419	15,557
181-365 days	**1,905**	**–**	**145**	**2,050**	2,413	–	1,986	4,399
Over 365 days	**–**	**–**	**383**	**383**	1,373	–	–	1,373
	13,886	**78**	**2,397**	**16,361**	18,756	417	24,422	43,595

The Group generally procures raw materials and commences production after having confirmed purchase orders with our distributors subsequent to our sales fairs. This practice can help us 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 62.5% from approximately RMB43.6 million as at 31 December 2014 to approximately RMB16.4 million as at 31 December 2015, and the number of days of inventory turnover decreased from 116.9 days for the year ended 31 December 2014 to 70.1 days for the Year.

The Group may make specific provision on inventories. The Group conducts physical counts from time to time to identify obsolete, damaged or slow-moving inventories. Provision will be made on an inventory item if its carrying amount is lower than its net realisable value.

Allowance of RMB5,238,000 has been made on finished goods as at 31 December 2015 (2014: Nil).

No provision was made for work-in-progress as those work-in-progress was still in progress and for orders of early 2016.

Trade and Other Receivables and provision for Impairment Loss

The Group generally grants to 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 and after considering their financial strength, past credit history and business performance history. The Group believed that this would enhance the flexibility of these distributors, which in turn might encourage them to sustain their development of our brand and/or even enhance their sales in market with intensified competition but reduction in demand. This measure was adopted by the Group temporarily in the Year and will be adjusted from time to time according to the market situation.

Trade receivables, net of provision for impairment loss, decreased by approximately 61.5% from approximately 114.2 million as at 31 December 2014 to approximately RMB43.9 million as at 31 December 2015. Besides, turnover day of trade receivables decreased from approximately 327.8 days for the year ended 31 December 2014 to approximately 195.4 days for the Year. The decrease in the number of turnover day of trade receivables was mainly due to a significant amount of impairment loss in respect of trade receivables, amounting to RMB61,017,000, was further recognised at the year end. On the other hand, export sales was increased by 18.8% as compared to the year of 2014 whereas, credit period and the recoverability of export sales are shorter than domestic sales, thus, reduced the overall turnover day.

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 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 2015, impairment loss in respect of trade receivables was recognised in the consolidated statement of comprehensive income amounting to approximately RMB61.0 million (2014: approximately RMB114.5 million).

No impairment loss was recognised in respect of other receivables.

Details of trade and other receivables as at 31 December 2015 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 RMB64.0 million (2014: net cash outflow of approximately RMB36.5 million). This is mainly attributable to the increase in the trade, bills and other receivables. As at 31 December 2015, bank balances and cash in hand and short-term bank deposits amounted to approximately RMB135.0 million, representing a net decrease of approximately RMB95.3 million as compared to the position as at 31 December 2014. As at 31 December 2015, the Group's cash balances were denominated in Renminbi and Hong Kong Dollars only.

Pledge of Assets

As at 31 December 2015, the Group secured its bank borrowings by prepaid land lease payments and buildings held for own uses with a carrying amount of approximately RMB18.7 million (2014: approximately RMB67.2 million), trade receivables was nil (2014: approximately RMB6.3 million) and bank deposits of approximately RMB5.0 million (2014: approximately RMB1.6 million).

Capital Commitments and Contingent Liabilities

Details of the capital commitments of the Group as at 31 December 2015 are set out in Note 14 to the consolidated financial statements in this announcement. As at 31 December 2015, 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 2015.

Loss Attributable to Shareholders and Net Loss Margin

For the Year, loss attributable to the owners of the Company amounted to approximately RMB105,873,000, representing a decrease of approximately 35.9% as compared to that in the same period of 2014 (2014: loss attributable to the owners of the Company amounted to approximately RMB165,175,000). Net loss margin of the Group dropped to approximately 71.7% (2014: approximately 101.3%).

Foreign Exchange Risk

The Group mainly operates its business in the PRC with most of the transactions settled in Renminbi. Only 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 2015, the gearing ratio of the Group was approximately 29.6% (2014: approximately 34.7%), 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 2015, the Group's bank loans balance amounted to approximately RMB117,300,000 (2014: approximately RMB202,980,000), bearing interest rates from 4.39% to 6.72% (2014: 5.66% to 7.8%), which were all due within one year.

Human Resources

As at 31 December 2015, the Group had a total of 880 employees (as at 31 December 2014: 1,102 employees).

Material Acquisition and Disposal

On 2 September 2015, conditional sale and purchase agreement entered into between the Mega Pacific and Fujian Meike as the vendor and Giant Field Enterprise Limited as the purchaser in respect of the disposal of 100% interest in Quanzhou Meike Sports Goods Co., Ltd a subsidiary of the Group, for a total cash consideration of HK$61,000,000. Details were set out in the announcement of the Company on 2 September 2015.

Use of Net proceeds from the Share Offer

The shares of the Company were listed on the Main Board of the Stock Exchange on 1 February 2010 (the "Listing Date") 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 2015:

Use of Net Proceeds *(RMB million)*	**Available to utilise (as at 1 January 2015)**	**Utilised (as at 31 December 2015)**	**Unutilised (as at 31 December 2015)**
Expansion of production capacity	12.6	–	12.6
Expansion of the sales network and market penetration	1.4	–	1.4
Develop and increase brand awareness	31.3	–	31.3
	45.3	–	45.3

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, except for the deviation from Code Provisions A.2.1, A.2.7 and A.4.1 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''.

During the Year, Mr. Ding Siqiang, who acted as the chairman (the "Chairman") and the president (the "President") of the Company, was 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 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. On 29 January 2016, Dr, Allan Yap has been re-designated as the Chairman, while Mr. Ding Siqiang has been re-designated as the executive Director. Currently, there is no President nor chief executive officer of the Company. The Company will continue to consider the feasibility to comply with Code Provision A.2.1 and use its best endeavours to find a suitable candidate to assume the duties of chief executive officer of the Company as soon as possible.

Code Provision A.2.7

Code Provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. The Board meetings of the Company held during the Year had included the participation of the executive Directors, yet the non-executive Directors (including independent non-executive Directors) could freely provide their independent opinion to the Board.

The Company will endeavor to arrange the meetings for the Chairman with the non-executive Director (including the independent non-executive Directors) so as to comply with the requirement of Code Provision A.2.7.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive director should be appointed for a specific term, subject to re-election. The non-executive Director, Mr. Gu Jiong, appointed on 29 January 2016, is not appointed for a specific term, but is subject to re-election at the first general meeting of the Company after his appointment and the rotation requirements as set out in the Articles of Association of the Company.

Save as disclosed above, the other non-executive Directors including independent non-executive Directors have been appointed for a specific term 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 risk management and internal control of the Company. The Audit Committee currently has three members comprising Mr. Poon Kwok Hing, Albert (Chairman), Mr. Pang Hong and Ms. Szeto Wai Ling Virginia, all of them are independent non-executive Directors.

During the Year, the Audit Committee had reviewed the interim results and 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.

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.

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 had 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.

PUBLICATION OF THE ANNUAL REPORT

The 2015 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 2016.

By Order of the Board
Meike International Holdings Limited
Dr. Allan Yap
Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the Board of the Company comprises Dr. Allan Yap (Chairman), Mr. Ding Siqiang, Ms. Ding Xueleng, Ms. Lok Yee Ling Virginia as executive Directors; Mr. Gu Jiong and Mr. Wong Ka Ching as non-executive Directors and Mr. Pang Hong, Mr. Poon Kwok Hing, Albert and Ms. Szeto Wai Ling Virginia as independent non-executive Directors.