KINGMAKER

KINGMAKER FOOTWEAR HOLDINGS LIMITED

信星鞋業集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1170)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

Turnover dropped 9.53%

Net profit dropped 43.81% to HK$33,791,000

Final regular dividend of HK2 cents

The Board of Directors (the "Board") of Kingmaker Footwear Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,156,666**	1,278,488
Cost of sales		**(1,009,962)**	(1,107,440)
Gross profit		**146,704**	171,048
Other income and gains		**16,029**	11,907
Distribution and selling costs		**(26,793)**	(26,322)
Administrative expenses		**(96,072)**	(85,684)
Finance costs	*4*	**(83)**	(589)
Profit before tax	*5*	**39,785**	70,360
Income tax expense	*6*	**(5,994)**	(10,225)
Profit attributable to equity holders of the Company		**33,791**	60,135
Dividends	*7*		
Interim		**6,550**	22,927
Proposed final and special		**13,101**	45,853
		19,651	68,780
Earnings per share	*8*		
– Basic		**HK5.16 cents**	HK9.18 cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**342,758**	367,716
Prepaid land lease payments		**74,208**	76,064
Investment properties		**3,060**	2,973
Investments in club memberships		**1,030**	1,045
Available-for-sale investments		**1,693**	1,369
Total non-current assets		**422,749**	449,167
CURRENT ASSETS			
Inventories		**156,570**	154,084
Accounts and bills receivable	*9*	**137,085**	91,192
Prepayments, deposits and other receivables		**15,553**	12,213
Tax recoverable		**178**	111
Cash and cash equivalents		**216,228**	240,520
Total current assets		**525,614**	498,120
CURRENT LIABILITIES			
Accounts and bills payable	*10*	**114,174**	83,016
Accrued liabilities and other payables		**70,921**	68,849
Tax payable		**92,041**	89,149
Bank borrowings		**–**	20,140
Total current liabilities		**277,136**	261,154
NET CURRENT ASSETS		**248,478**	236,966
Net assets		**671,227**	686,133
EQUITY			
Share capital		**65,505**	65,505
Reserves		**592,621**	574,775
Proposed final and special dividends		**13,101**	45,853
Total equity		**671,227**	686,133

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The consolidated financial statements also have been prepared under the historical cost basis except for investment properties and available-for-sale investments, which are measured at fair value.

2. Application of new and revised Hong Kong Financial Reporting Standards

(a) In the current year, the Group has applied all the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, that are relevant to its operation and effective for the accounting period beginning on 1 April 2006. The adoption of the new HKFRSs had no material effect on how the Group's results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

(b) Potential impact arising on the new or revised accounting standards not yet effective

The Group has not yet applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipated that the application of these new HKFRSs would have no material impact on the financial statements of the Group.

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Capital Disclosures	1 January 2007
HKAS 23 Revised	Borrowing Costs	1 January 2009
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Interpretation 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Interpretation 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Interpretation 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) – Interpretation 11	Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) – Interpretation 12	Service Concession Arrangements	1 January 2008

3. Segment information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

	Rugged footwear		**Casual footwear**		**Baby and children's footwear**		**Sportswear and sports shoes**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**194,782**	197,466	**569,889**	394,268	**391,995**	682,629	**–**	4,125	**1,156,666**	1,278,488
Segment results	**6,840**	13,592	**18,932**	25,612	**10,113**	34,382	**–**	(6,434)	**35,885**	67,152
Unallocated income and gains									**16,029**	11,176
Unallocated expenses									**(12,046)**	(7,379)
Finance costs									**(83)**	(589)
Profit before tax									**39,785**	70,360
Income tax expense									**(5,994)**	(10,225)
Profit for the year									**33,791**	60,135
Segment assets	**99,951**	126,694	**277,358**	205,610	**199,696**	197,903	**642**	1,402	**577,647**	531,609
Unallocated assets									**370,716**	415,678
Total assets									**948,363**	947,287
Unallocated liabilities									**277,136**	261,154

	Rugged footwear 2007 HK$'000	Rugged footwear 2006 HK$'000	Casual footwear 2007 HK$'000	Casual footwear 2006 HK$'000	Baby and children's footwear 2007 HK$'000	Baby and children's footwear 2006 HK$'000	Sportswear and sports shoes 2007 HK$'000	Sportswear and sports shoes 2006 HK$'000	Consolidated 2007 HK$'000	Consolidated 2006 HK$'000
Other segment information:										
Depreciation:										
Segment	**10,314**	8,249	**11,880**	14,697	**14,608**	15,366	**–**	148	**36,802**	38,460
Unallocated									**1,910**	1,760
									38,712	40,220
Amortisation of prepaid land lease payments:										
Segment	**211**	206	**686**	651	**519**	559	**–**	–	**1,416**	1,416
Unallocated									**474**	508
									1,890	1,924
Capital expenditure:										
Segment	**1,541**	1,176	**11,894**	11,757	**2,913**	12,101	**–**	–	**16,348**	25,034
Unallocated									**129**	226
									16,477	25,260

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2007 and 2006.

	United States of America 2007 HK$'000	United States of America 2006 HK$'000	Europe 2007 HK$'000	Europe 2006 HK$'000	Others 2007 HK$'000	Others 2006 HK$'000	Consolidated 2007 HK$'000	Consolidated 2006 HK$'000
Segment revenue:								
Sales to external customers	**622,055**	780,640	**474,233**	423,131	**60,378**	74,717	**1,156,666**	1,278,488
Other segment information:								
Segment assets	**76,210**	55,061	**52,748**	32,007	**819,405**	860,219	**948,363**	947,287
Capital expenditure	**–**	–	**–**	–	**16,477**	25,260	**16,477**	25,260

4. Finance costs

	Group 2007 HK$'000	Group 2006 HK$'000
Interest on bank loans wholly repayable within five years	**83**	589

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Group 2007 HK$'000	Group 2006 HK$'000
Cost of inventories sold	**756,784**	859,010
Depreciation of property, plant and equipment	**38,712**	40,220
Amortisation of prepaid land lease payments	**1,890**	1,924
Amortisation of a club membership	**15**	15
Impairment losses on accounts receivable	**–**	692
Write down/(reversal of write down) of inventories	**10,973**	(3,928)
Minimum lease payments under operating leases for land and buildings	**1,320**	1,516
Write back of accrued commission expenses (Included in distribution and selling costs)	**(8,000)**	–
Write off of property, plant and equipment	**2,477**	–
Auditors' remuneration		
Current year	**1,086**	1,114
Overprovision in prior year	**(247)**	–
	839	1,114
Employee benefits expense (including directors' remuneration)		
Staff costs	**219,300**	201,262
Share-based payments	**4,196**	–
Pension scheme contributions	**9,326**	5,552
Total staff costs	**232,822**	206,814
Bank interest income	**(8,486)**	(6,059)
Interest income from accounts receivable	**(2,558)**	(1,831)
Fair value gain on revaluation of investment properties	**(87)**	(278)
Foreign exchange losses/(gains), net	**1,396**	(749)
Gain on disposal of property, plant and equipment and prepaid land lease payments	**(1)**	(1,471)
Gross rental income from investment properties *	**(277)**	(123)
Less: Direct operating expenses from investment properties that generated rental income during the year	**63**	63
Net rental income	**(214)**	(60)

* All investment properties are rented out for rentals during the years ended 31 March 2007 and 2006.

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	*HK$'000*
Current tax – Hong Kong	**449**	684
Current tax – Elsewhere		
Charge for the year	**4,402**	10,879
Under/(over)provision in prior years	**1,143**	(1,338)
Total tax expense for the year	**5,994**	10,225

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 17.5% (2006: 17.5%), the Taiwan Corporate Tax rate of 25.0% (2006: 25.0%), the preferential tax rates in Mainland China ranging from 10.0% to 24.0% (2006: 10.0% – 24.0%), and tax holidays granted to a subsidiary of the Group in Mainland China and a subsidiary in Vietnam.

In general, the Group's subsidiaries in Mainland China are subject to the People's Republic of China's corporate income tax at rate of 33%, except for certain subsidiaries which are entitled to tax holidays and preferential tax rates.

The Group has estimated deferred tax assets of approximately HK$6,992,000 (2006: HK$6,803,000) calculated on tax losses arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

7. Dividends

	2007	2006
	HK$'000	*HK$'000*
Interim – HK1.0 cent (2006: HK3.5 cents) per ordinary share	**6,550**	22,927
Proposed final – HK2.0 cents (2006: final – HK4.5 cents and special – HK2.5 cents) per ordinary share	**13,101**	45,853
	19,651	68,780

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the year of HK$33,791,000 (2006: HK$60,135,000), and the weighted average of 655,046,445 (2006: 654,931,498) ordinary shares in issue during the year.

No disclosure for diluted earnings per share for the years ended 31 March 2007 and 2006 is shown as the exercise prices of the Company's outstanding share options were higher than the average market price of the Company's ordinary shares during the relevant years and thus the share options had no diluting effect.

9. Accounts and bills receivable

The Group's accounts and bills receivable mainly related to a few recognised and creditworthy customers. Payment terms with customers are largely on credit. Invoices are normally payable within 90 days of issuance, except for certain well established customers, where the terms are extended to 180 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the Group's senior management. Accounts receivable are non-interest-bearing, except for a balance due from a customer which bears interest at a rate of 0.5% for a fixed period of 60 days. At the balance sheet date, the amount due from this customer amounted to approximately HK$66,780,000 (2006: HK$42,618,000).

An aged analysis of the accounts and bills receivable as at the balance sheet date, based on the date of goods delivered, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**131,721**	90,307
Between 91 and 180 days	**30**	2
Between 181 and 365 days	**4,692**	883
Over 365 days	**642**	–
	137,085	91,192

10. Accounts and bills payable

An aged analysis of the accounts and bills payable as at the balance sheet date, based on the date of goods received, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**113,009**	76,250
Between 91 and 180 days	**1,065**	6,101
Between 181 and 365 days	**17**	152
Over 365 days	**83**	513
	114,174	83,016

The accounts payable are non-interest-bearing and are normally settled on 90-days terms.

FINAL AND SPECIAL DIVIDENDS

The Directors have resolved to recommend at the forthcoming Annual General Meeting the payment of a final regular dividend of HK2 cents (2006: HK4.5 cents) without special dividend (2006: HK2.5 cents) per ordinary share for the year ended 31 March 2007, payable to shareholders whose names appear in the Register of Members of the Company at the close of business on 28 August 2007. These proposed dividends, together with the interim dividend of HK1.0 cent (2006: HK3.5 cents) per share already paid, would make a total distribution of HK3 cents per share for the full year.

The dividend proposal is subject to the approval by shareholders at the forthcoming Annual General Meeting and it is expected that the dividend will be dispatched to shareholders on or about 5 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 August 2007 to 28 August 2007, both days inclusive, during which period no transfers of shares shall be effected. To qualify for the final dividends and for attending and voting at the Annual General Meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on 21 August 2007.

REVIEW OF OPERATIONS

Company Results and Review

While the trading relationship between China and European Union (EU) continued to make headlines in the year under review, the Group stepped up efforts to improve its product range and mix in favor of those of higher margin and further broaden its customer sphere.

To stay relevant to the rapidly shifting operating landscape, moved by the combined forces of a continued global outsourcing trend, overhead increases in China, rising material and fuel costs, an unsteady political environment and ever changing customer tastes, the Group upholds its core competences by maintaining a niche product mix supported by strong development capabilities, market diversification, as well as a diversified production base built on a lean manufacturing system.

The management plans progressively and prudently implements measures to pursue sustainable development in today's complicated operating environment. The Group will continue to invest in and for the future.

Financial Results

Turnover for the year fell 9.53% to HK$1,157 million despite the fact that the Group lost one of its largest customers in 2006 which used to account for more than 31% of the Groups' sales. In order to maintain the turnover, the Group has sacrificed some of its margin, coupled with sustained high operating cost in China, profit from operating activities dropped 43.81% to HK$33,791,000. Earnings per share were HK5.16 cents compared with HK9.18 cents the previous year.

As part of the Group's prudent cash-flow management which has taken consideration the Group's future capital expenditure arising from expansion of its manufacturing facilities in Cambodia and inland China, a final dividend was proposed at HK2 cents for the year under review.

The Group still maintains a conservative approach in cash management with a cash position of HK$216 million as at 31 March 2007.

Operating Performance

Product Mix

On the other hand, we are pleased to report our efforts to focus on increasing the manufacturing of premium casual footwear with higher margin have paid off with a 8.4% improvement in the average selling price (ASP) for the year. We managed to increase the share of casual footwear category in the Group's total output by 18.43% points to 49.27% through our dedicated efforts to provide a wider variety of quality products and superior services to valued existing customers such as Skechers and Clarks.

We believe that the current product share mix of 49.27%, 16.84% and 33.89% for premium casual, rugged, baby and children footwear respectively is a balanced combination. Major growth momentum will continue to be derived from the provision of greater varieties in the athletic-leisure products categories.

Market Segmentation

Despite the changing market environment and the overhanging uncertainties in Europe, the Group continued its diversification strategy and penetrated further to strengthen its market presence. For the year under review, Europe contributed 41% of the Group's total turnover, representing an increase of 7.9% points.

Even though there was significant pressure on overall order volume growth in Europe, the Group was encouraged with order growth from some customers of very attractive prospects. Additionally, strong negative pressures on Brazilian suppliers have opened up new prospects of additional styles moving to the Group's Vietnam facilities.

Under the circumstances, the Group will continue its Europe-driven market penetration strategy. We believe that once the anti-dumping uncertainties are cleared, and when more production facilities are in place in Cambodia, further penetration will be attained.

Meanwhile, the share of the US market to the Group's turnover fell 7.28% points to 53.78%, partly because of the continuing appreciation of RMB.

Production Capabilities

Geographical diversification of production facilities enables the Group to pursue a more flexible export strategy and cost management. As the manufacturing environment in China's Pearl River Delta region is becoming less favorable with higher labor cost and electricity shortage, the Group has suspended the planned installation of two production lines in Zhongshan.

Instead, the Group has shifted more of its manufacturing activities to the newly established factory in Cambodia. It is expected that the first phase of the Cambodia factory will incur a total investment of approximately HK$30 million when installation of the initial three production lines is completed.

The factories in Cambodia and Vietnam are designed to complement each other to support orders from not only Europe brands, but also distinctly American brands seeking better balance production diversification, leading to significant risk reduction. The development pace of the Vietnam factory therefore should pick up going forward.

There are also plans to set up plants in China interior where labor and operating costs are cheaper. Otherwise, the Group expects no other major capital expenditure in the next few years.

Currently, Group operates a total of 38 production lines of which 11 are located in Vietnam, 2 in Cambodia, 9 in Zhongshan and 16 in Zhuhai.

Cost Management

Apart from diversifying production bases to locations of cheaper operating costs, the Group will continue to improve upon already proven lean manufacturing system that have been implemented to improve production efficiency and shorten the production lead-time to reduce transportation cost.

In addition, the upgrading of facilities will help the Group retain skilled experienced labor and improve their productivity in a better working environment.

Stringent cost control in all aspects is an ongoing priority to improve the Group's profitability.

Future Plans and Prospects

Looking ahead, the Group will further intensify its research and development activities to widen the range of premium athletic-leisure footwear categories for both new customers and existing customers and add athletic lines. This will be the Group's driving force for higher profitability and growth in the coming few years.

While Europe remains a market of huge uncertainties, the Group adopts a relentless approach to seek further penetration and also to diversify its production bases for greater export flexibility.

At times of change, the Group continues to keep a vigilant eye on the situation and simultaneously works to bolster its fundamental competitiveness. It is a challenging time for everybody at the Group, and it is important that we have to continue to do what we do best to achieve strong results in the near future.

FINANCIAL REVIEW

Financial and Liquidity Resources

The Group's operation is generally financed by its internal cash generation from operation and banking facilities supplied by various banks. As at 31 March 2007, the Group continued its conservative and healthy cash position and maintained a strong liquidity position which included cash and bank deposits of approximately HK$216 million (2006: HK$240 million). Most of the cash and bank deposits were denominated in US dollars as the denominated currency of the Group's trading activities was US dollars. During the year, the Group repaid its short-term bank loan of HK$20 million which was charged at floating interest rate.

As at 31 March 2007, the Group had aggregate banking facilities of approximately HK$352 million (2006: HK$291 million) with approximately HK$351 million (2006: HK$270 million) being unused. Based on the cash and bank deposits, the unused banking facilities and the completion of the major expansion plan up to 2007, the Directors are of the opinion that either the cash or liquidity position will be further strengthened in the coming few years.

As at 31 March 2007, the current ratio was approximately 1.9 (2006: approximately 1.9) based on current assets of approximately HK$526 million and current liabilities of approximately HK$277 million and the quick ratio was approximately 1.33 (2006: approximately 1.3).

The Group has put in place of maintaining a prudent gearing ratio. As at 31 March 2007, since the Group has repaid the short term bank loan and hence decreased its bank borrowings of approximately HK$20 million, resulted at no gearing ratio (2006: 2.9%) which was calculated based on the total bank borrowings over total shareholders equity.

Foreign Exchange Risk Management

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC and Vietnam factories. The Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options, if consider necessary. As at 31 March 2007 there was no outstanding forward contract in place to hedge against possible exchange losses from future net cash flows. Speculative currency transactions are prohibited. The management of currency risk is centralized in the Hong Kong office of the Group.

EMPLOYMENT, TRAINING AND REMUNERATION POLICIES

The Group, including its subsidiaries employed approximately 14,000 employees as at 31 March 2007. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits which include provident fund, medical insurance and training are provided. In addition, share options may also be granted in accordance to the terms of the Group's approved share option scheme.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company is committed in sustaining and improving the high standards of corporate governance. The Directors believes that high level of governance is essential to maximize shareholders' value and to ensure the protection of the interests of the shareholders.

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the period under review with deviation from the code provision A.2.1 that the roles of chairman and chief executive officer ("CEO") of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Chen Ming-hsiung, Mickey. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high caliber individuals with a substantial number thereof being non-executive directors. The Directors believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of the business plans.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Code have been applied will be included in the Company's Annual Report 2006/07.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") which was established in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Committee has reviewed the Group's audited financial statements for the year ended 31 March 2007. The Committee comprises the three independent non-executive directors and one non-executive director of the Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2007 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and at the website of the Company http://www.irasia.com/listco/hk/kingmaker/annual/index.htm. An annual report for the year ended 31 March 2007 containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
Chen Ming Hsiung, Mickey
Chairman

Hong Kong, 26 July 2007

As at the date of this announcement, the executive directors of the Company are Mr. Chen Ming Hsiung, Mickey, Mdm Huang Hsiu Duan, Helen, Mr. Chan Ho Man, Daniel, Mr. Phillip Brian Kimmel and Mr. Lee Kung; non-executive director is Mr. Chow Wing Kin, Anthony and independent non-executive directors are Mr. Tam King Ching, Kenny, Mr. Chan Mo Po, Paul and Mr. Yung Tse Kwong, Steven.