KINGMAKER FOOTWEAR HOLDINGS LIMITED
信星鞋業集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1170)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

HIGHLIGHTS

	2008	2007	Changes
	HK$'000	*HK$'000*	
Revenue	**1,317,857**	1,156,666	13.94%
Consolidated Group EBITDA	**98,679**	71,999	37.06%
Profit for the year attributable to equity holders of the Company	**50,398**	33,791	49.15%
Earnings per share	**HK7.69 cents**	HK5.16 cents	49.03%
Total dividends per ordinary share	**HK3.50 cents**	HK3.00 cents	16.67%

- Revenue grew approximately 13.94% to approximately HK$1,318 million
- Profit attributable to equity holders of the Company increased approximately 49.15% to approximately HK$50 million
- Earnings per share increased approximately 49.03% to approximately HK7.69 cents

The Board (the "Board") of directors (the "Directors") 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 2008, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

		Year ended 31 March	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
REVENUE		**1,317,857**	1,156,666
Cost of sales		**(1,117,693)**	(1,009,962)
Gross profit		**200,164**	146,704
Other income and gains, net		**16,304**	16,029
Distribution and selling costs		**(25,656)**	(26,793)
Administrative expenses		**(125,625)**	(96,072)
Finance costs	*4*	**(66)**	(83)
PROFIT BEFORE TAX	*5*	**65,121**	39,785
Tax	*6*	**(14,723)**	(5,994)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**50,398**	33,791
DIVIDENDS	*7*		
Interim		**9,826**	6,550
Proposed final		**13,021**	13,101
		22,847	19,651
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK7.69 cents**	HK5.16 cents
Diluted		**HK7.69 cents**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**369,094**	342,758
Prepaid land lease payments		**76,379**	74,208
Investment properties		**4,310**	3,060
Deposits paid		**2,367**	–
Investments in club memberships		**1,017**	1,030
Available-for-sale investments		**1,886**	1,693
Total non-current assets		**455,053**	422,749
CURRENT ASSETS			
Inventories		**134,292**	156,570
Accounts and bills receivable	*9*	**166,912**	137,085
Prepayments, deposits and other receivables		**16,644**	15,553
Derivative financial instruments		**15,405**	–
Tax recoverable		**111**	178
Structured deposit		**11,700**	–
Cash and cash equivalents		**281,177**	216,228
Total current assets		**626,241**	525,614
CURRENT LIABILITIES			
Accounts and bills payable	*10*	**131,482**	114,174
Accrued liabilities and other payables		**91,022**	70,921
Tax payable		**105,901**	92,041
Derivative financial instruments		**13,628**	–
Interest-bearing bank borrowings		**1,121**	–
Total current liabilities		**343,154**	277,136
NET CURRENT ASSETS		**283,087**	248,478
Net assets		**738,140**	671,227
EQUITY			
Issued share capital		**65,355**	65,505
Reserves		**659,764**	592,621
Proposed final and special dividends		**13,021**	13,101
Total equity		**738,140**	671,227

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*

The Group has applied the disclosure requirements under HKAS 1 Amendment and HKFRS 7 retrospectively. Relevant comparative information based on the requirements of HKAS 1 Amendment and HKFRS 7 has been presented for the first time in the current year.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 2 Amendments	*Share-based Payment – Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
HKAS 32 and HKAS 1 Amendments	*Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HK(IFRIC)-Int 12	*Service Concession Arrangements* [3]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [1]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* [3]

[1] Effective for accounting period beginning on 1 April 2009
[2] Effective for accounting period beginning on 1 April 2010
[3] Effective for accounting period beginning on 1 April 2008

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

(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 2008 and 2007.

Group

	Rugged footwear		Casual footwear		Baby and children's footwear		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**63,521**	194,782	**717,705**	569,889	**536,631**	391,995	**1,317,857**	1,156,666
Segment results	**3,744**	6,840	**41,801**	18,932	**24,264**	10,113	**69,809**	35,885
Unallocated income and gains, net							**16,304**	16,029
Unallocated expenses							**(20,926)**	(12,046)
Finance costs							**(66)**	(83)
Profit before tax							**65,121**	39,785
Tax							**(14,723)**	(5,994)
Profit for the year							**50,398**	33,791
Assets and Liabilities								
Segment assets	**54,024**	99,951	**355,706**	277,358	**219,940**	199,696	**629,670**	577,005
Unallocated assets							**451,624**	371,358
Total assets							**1,081,294**	948,363
Unallocated liabilities							**343,154**	277,136

Note: Due to relatively insignificance of sportswear and sports shoes segment to the Group which was included in the financial statements of the Group for the year ended 31 March 2007, the segment assets of this business segment has been reclassified in unallocated assets in the current year. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

Group

	Rugged footwear		Casual footwear		Baby and children's footwear		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Depreciation:								
Segment	**4,149**	10,314	**19,908**	11,880	**15,901**	14,608	**39,958**	36,802
Unallocated							**1,705**	1,910
							41,663	38,712
Amortisation of prepaid land lease payments:								
Segment	**144**	211	**693**	686	**579**	519	**1,416**	1,416
Unallocated							**474**	474
							1,890	1,890
Capital expenditure:								
Segment	**1,438**	1,541	**29,697**	11,894	**5,418**	2,913	**36,553**	16,348
Unallocated							**49**	129
							36,602	16,477

(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 2008 and 2007.

Group

	The United States of America		Europe		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**653,525**	622,055	**590,136**	474,233	**74,196**	60,378	**1,317,857**	1,156,666
Other segment information:								
Segment assets	**108,531**	76,210	**57,049**	52,748	**915,714**	819,405	**1,081,294**	948,363
Capital expenditure	**–**	–	**–**	–	**36,602**	16,477	**36,602**	16,477

4. FINANCE COSTS

	Group 2008 HK$'000	Group 2007 HK$'000
Interest on bank loans wholly repayable within five years	**66**	83

5. PROFIT BEFORE TAX

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

	Group 2008 HK$'000	Group 2007 HK$'000
Cost of inventories sold	**823,219**	756,784
Depreciation	**41,663**	38,712
Amortisation of prepaid land lease payments	**1,890**	1,890
Impairment allowance for doubtful debts	**636**	–
Provision for inventories	**7,026**	10,973
Impairment of a deposit	**3,900**	–
Minimum lease payments under operating leases for land and buildings	**1,591**	1,320
Write back of accrued commission expenses (included in distribution and selling costs)	**–**	(8,000)
Write off of items of property, plant and equipment	**3,245**	2,477
Auditors' remuneration:		
Current year	**1,145**	1,086
Over provision in the prior year	**–**	(247)
	1,145	839
Employee benefits expense (including directors' remuneration)		
Wages and salaries	**253,477**	219,300
Share-based payments	**3,676**	4,196
Pension scheme contributions	**10,151**	9,326
	267,304	232,822
Amortisation of a club membership	**13**	15
Fair value gain on derivative financial instruments	**(1,777)**	–
Fair value gain on revaluation of investment properties	**(1,250)**	(87)
Bank interest income	**(10,074)**	(8,486)
Interest income for accounts receivable	**(3,291)**	(2,558)
Foreign exchange differences, net	**3,102**	1,396
Loss/(gain) on disposal of items of property, plant and equipment – net	**78**	(1)
Net rental income	**(180)**	(214)

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 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.

	2008	2007
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**324**	449
Overprovision in prior years	**(118)**	–
Current – Elsewhere		
Charge for the year	**14,517**	4,402
Underprovision in prior years	**–**	1,143
Total tax charge for the year	**14,723**	5,994

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 17.5% (2007: 17.5%), the Vietnam Corporate Tax rate of 10% to 28% (2007: 10%), the Taiwan Corporate Tax rate of 25% (2007: 25%), the preferential tax rates in Mainland China ranging from 18% to 25% (2007: 10% to 24%) and tax holidays granted to the subsidiary each of the Group in Mainland China and Vietnam, respectively.

In general, the Group's subsidiaries in Mainland China are subject to the People's Republic of China's corporate income tax at the rates of 33% before 31 December 2007 and 25% after the effective date of the Corporate Income Tax Law of the People's Republic of China on 1 January 2008, except for certain subsidiaries which are entitled to tax holidays and preferential tax rates.

The Group has estimated deferred tax assets of approximately HK$6,719,000 (2007: HK$6,992,000) 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

	2008	2007
	HK$'000	*HK$'000*
Interim – HK1.5 cents (2007: HK1.0 cent) per ordinary share	**9,826**	6,550
Proposed final – HK2.0 cents (2007: HK2.0 cents) per ordinary share	**13,021**	13,101
	22,847	19,651

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 ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$50,398,000 (2007: HK$33,791,000) and the weighted average of 655,000,926 (2007: 655,046,445) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$50,398,000 and 655,132,777 ordinary shares, being the weighted average number of shares outstanding during the year, adjusted for the effects of the dilutive potential ordinary shares outstanding during the year.

A reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is as follows:

	2008
Weighted average number of ordinary shares used in calculating basic earnings per share	655,000,926
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all dilutive options outstanding during the year	131,851
Weighted average number of ordinary shares used in calculating diluted earnings per share	655,132,777

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

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 of approximately HK$90,312,000 (2007: HK$66,780,000) which bears interest at a rate of 0.5% for a fixed period of 60 days.

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	
	2008	2007
	HK$'000	*HK$'000*
Within 90 days	**166,831**	131,721
Between 91 and 180 days	**71**	30
Between 181 and 365 days	**10**	4,692
Over 365 days	**–**	642
	166,912	137,085

The carrying amounts of the accounts and bills receivable approximate to their fair values.

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	
	2008	2007
	HK$'000	*HK$'000*
Within 90 days	**128,669**	113,009
Between 91 and 180 days	**1,730**	1,065
Between 181 and 365 days	**127**	17
Over 365 days	**956**	83
	131,482	114,174

The accounts payable are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the accounts and bills payable approximate to their fair values.

11. POST BALANCE SHEET EVENT

On 16 April 2008, the Group entered into a sale and purchase agreement with independent third parties to acquire a 100% equity interest in Star (1) Limited, Star (2) Limited, Star (3) Limited and Viewexcel Limited (collectively known as "MOCCA"), which were engaged in footwear, bags and accessories trading, distribution and retailing businesses in Hong Kong. The purchase consideration of HK$3,672,000 for the acquisition was in the form of cash and was paid subsequent to year end. Since the financial information of MOCCA as at the date of completion of the acquisition was not yet completed up to the date of this announcement, no further financial information is disclosed in this announcement.

DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting the payment of a final dividend of HK2.0 cents (2007: HK2.0 cents) per ordinary share for the year ended 31 March 2008, payable to shareholders whose names appear in the register of members of the Company at the close of business on 28 August 2008. This proposed dividend, together with the interim dividend of HK1.5 cents (2007: HK1.0 cent) per ordinary share already paid, would make a total distribution of HK3.5 cents (2007: HK3.0 cents) per ordinary 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 6 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 August 2008 to 28 August 2008, both days inclusive, during which period no transfers of shares shall be effected. To qualify for the final dividend 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, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 21 August 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group continued to achieve satisfactory growth during the year under review despite growing concerns of a potential US economic melt-down and inflationary pressures driven by spiraling oil prices.

Continuing the good performances from the first half of the financial year, the Group's full-year revenue increased approximately 13.94% year by year to approximately HK$1,318 million (2007: approximately HK$1,157 million). This reflects the success of the Group's strategy to further expanding the premium casual footwear category which commands higher average selling prices ("ASP") and therefore bringing in a higher profit margin. This star performer product category contributed to approximately 54.46% of the total revenue.

Net profit for the year attributable to shareholders grew approximately 49.15% to approximately HK$50 million (2007: approximately HK$34 million) on the back of higher ASP achieved due to a further shift of the product mix towards the higher-margin premium casual footwear category.

The US remained the Group's largest market. The credit crunch and higher inflation have fuelled concerns over a potential recession and impact on the retail sector. The Group's US-branded customers are understandably more conservative with its orders. Despite the general apprehension, the Group managed to achieve approximately 5.22% growth in pair in exports to the US market for the year. This shows the competitive importance of the Group's cutting-edge research and development capabilities and catering specifically to customers' needs to secure and retain support from customers.

Earnings per share were approximately HK7.69 cents (2007: approximately HK5.16 cents). The Group has recommended the payment of a final dividend for the year ended 31 March 2008 to thank shareholders for their continuous support.

BUSINESS STRATEGIES

The strategy of focusing on the production of quality premium casual footwear products has been proven a growth driver and this remains the focus of the Group. In practice, this means that the Group will continue to offer tailor-made manufacturing solutions for high-end products to branded customers through its production bases in Southeast Asia, in addition to the provision of more established original design manufacturing ("ODM") and original equipment manufacturing ("OEM") services.

During the past several years, the Group has actively pursued expansion through two different, though equally important channels. One avenue has been to increase business through the Group's existing customer base. This is done by first analyzing the customers' branded growth patterns and their relevance in today's changing fashion markets. Clarks, Stride Rite (now part of the CBI Group) and Skechers have all grown under this business expansion model. The Group's strong partnership with these active and exciting brands has made this type of growth especially meaningful. Additionally, the Group has also expanded by attracting numerous worldwide brand leaders and then determining if they fit the Group's "partnership model".

This foray into the premium arena is well supported by the Group's established skill sets in high-end footwear manufacturing, extensive experience of working with the world's leading vendors, and its strong, multi-location production capability.

OPERATIONAL PERFORMANCE

The Group's satisfactory performance during the year under review should not disguise the fact that there are concerns and challenges in the operating environment. Topping the list is the rocketing crude oil prices which have increased the cost of outsoles and transportation. While the Group has successfully shifted part of the higher cost to the customers as reflected from the rising ASP, the extent of the price elasticity and affordability remains to be tested. The impact of higher oil prices can also be more widespread as there are already talks of people cutting back on consumer products to offset higher fuel costs.

The shortage of experienced workers in the Pearl River Delta region is a constant threat. The imposition of more stringent minimum wages and a higher RMB have also added to the cost of manufacturing in the Mainland. The Group's introduction of "lean manufacturing system" to improve manufacturing cycles helps enhance the production efficiency and utilization while the higher ASP for premium products from branded customers also helps offset part of the higher cost. Nevertheless, the labor issue in the Mainland is an area that the management needs to remain vigilant.

Product Mix

It is obvious that achieving a higher ASP is the way forward for the Group to maintain its profitability. The Group accomplished this in the year under review with a higher share of the higher-margin premium casual category in revenue contribution. The casual footwear category represented approximately 54.46% (2007: approximately 49.27%) of the total revenue; whereas the baby and children shoes and rugged footwear categories accounted for approximately 40.72% (2007: approximately 33.89%) and approximately 4.82% (2007: approximately 16.84%) respectively of Group revenue. The Group will continue to pursue the development of new types of premium casual products for existing and new branded customers. In fact, negotiation with new prospects is already underway.

Multi-location Production Capability

The Group's core production capability comprises a network of factories with a total of 38 production lines, of which 13 are located in Vietnam and Cambodia, and 25 in the Mainland, including 9 in Zhongshan and 16 in Zhuhai. The Group's manufacturing facilities all offer strategic importance to its customers and help the Group continuing to be an industry leader in producing premium infant, children, ath-leisure, casual and rugged footwear. Although the recent world economic situation presents many difficulties, the Group estimates a continued pairage growth for the year.

With production bases in the Mainland, Vietnam and Cambodia, the Group now enjoys a much greater flexibility that is essential for the management to plan strategically and mitigate potential political and market risks, including taxes and quota restrictions. This multi-location manufacturing strength also enables the Group to tweak more sharply its market penetration initiatives into the US and Europe. The facilities in Vietnam and Cambodia are particularly instrumental in tapping the European market.

Market and Customer Portfolio

Orders from customers in the US, Europe and other markets represented approximately 49.59% (2007: approximately 53.78%), approximately 44.78% (2007: approximately 41.00%) and approximately 5.63% (2007: approximately 5.22%) respectively of the Group's revenue. The management believes that this good balance of market spread between the US and Europe allows the Group to capture market growth opportunities and at the same time is another risk aversion perk for any unforeseeable market adversity.

During the reporting period, the Group's major customers included Skechers, Clarks, Stride Rite and Elefanten. In aggregate, they accounted for approximately 96.44% of the total output. We are also pleased to have new customers such as Ariate and Camper on board.

Cost Management

With revenue on one side of the equation, cost management is the equally important component on the opposite end. The Group will continue to keep administration and selling expenses down and adopt a conservative cash-flow management policy to maintain a healthy balance sheet.

As at 31 March 2008, the Group had no significant borrowings and maintained cash and bank deposits of approximately HK$281 million (2007: approximately HK$216 million).

FUTURE PLANS AND PROSPECTS

The Group's future profitability lies firmly in its ability to grow the premium casual footwear category and raise its ASP. To achieve this, the Group acknowledges the need to strengthen its offerings to existing customers and secure new customers through higher manufacturing acumen and efficiency.

The output and contribution from the factory in Vietnam met with the Group's expectation with approximately 12.12% and approximately 16.14% growth in terms of output and value respectively. This is mainly attributable to increase in orders from European customers to suppliers in Asia. The Group is also pleased that the factory in Cambodia has commenced production successfully to help serve existing and new customers in Europe. This represents a more flexible complement to the factory in Vietnam. It is expected that a total of 3 production lines in Cambodia will become operational by the end of 2008 and this will further empower the Group's market penetration into the EU market.

The Group will continue to upgrade the existing facilities for the sample centres in Zhongshan, Zhuhai and Taiwan to strengthen its products research and development capability as part of the customer retention and cultivation efforts.

The Group remains positive over the demand for its products, in particular premium casual footwear. However, it takes the dedicated efforts of everyone in the Group to implement the business strategies and to have the capabilities in place to capture and translate such opportunities into profits to the Group. Our 2007/08 achievement is admirable and we look forward to attaining better results for 2008/09 and beyond.

New Business Initiative

Another step towards diversification is going into the retail sector in the Mainland and Hong Kong. Inevitably this is a totally new world to the Group which has always been in the manufacturing business. The management will pursue this long term development with great prudence. As an initial step, the Group has acquired the Hong Kong retail chain shops "MOCCA" subsequent to the balance sheet date and further acquisition projects are also under consideration.

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 2008, the Group continued its conservative and healthy cash position and maintained a strong liquidity position which included cash and bank deposits of approximately HK$281 million (2007: approximately HK$216 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.

As at 31 March 2008, the Group had aggregate trade banking facilities amounted to an aggregate sum of approximately HK$267 million (2007: HK$352 million) with various banks. Out of the trade banking facilities in Hong Kong granted to the Group, approximately HK$1 million (2007: HK$1 million) had been utilised as at 31 March 2008.

As at 31 March 2008, the current ratio was approximately 1.82 (2007: approximately 1.90) based on current assets of approximately HK$626 million (2007: approximately HK$526 million) and current liabilities of approximately HK$343 million (2007: approximately HK$277 million) and the quick ratio was approximately 1.43 (2007: approximately 1.33).

The Group has put in place of maintaining a prudent gearing ratio. As at 31 March 2008 and 2007, the Group has no long term interest-bearing bank borrowings.

The Directors considered that the Group shall have sufficient financial resources to meet its future expansion plan and working capital requirement after a due consideration of the net cash position and the availability of the existing banking facilities.

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. 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 15,000 employees as at 31 March 2008. 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

During the year, the Company repurchased 1,500,000 of its ordinary shares (2007: nil) of HK$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK$1,464,000 excluding transaction cost. These shares were cancelled by the Company subsequent to the balance sheet date. Details of the shares repurchased are as follows:

Month/year	Number of shares repurchased	Highest price per share	Lowest price per share	Aggregated consideration (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
March 2008	1,500,000	1.00	0.94	1,464

The premium paid on the repurchase of the shares of HK$1,314,000 has been debited to the share premium account. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

The repurchase of the Company's shares during the year was effected by the Directors, pursuant to the repurchase mandate granted by the shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the code provision set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2008, save for the deviation as stated hereof.

Under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") of the Company should be separated 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 Directors will meet regularly to consider major matters affecting the operations of the Company. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Company and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 of the Listing Rules. Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the period under review.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") which was established in accordance with the requirements of the CG 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 2008. The Committee comprises three independent non-executive Directors and one non-executive Director.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2008 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at http://www.irasia.com/listco/hk/kingmaker/annual/index.htm. An annual report for the year ended 31 March 2008 containing all the information required by the Listing Rules 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, 28 July 2008

As at the date of this announcement, the five 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, Bobby; one non-executive director is Mr. Chow Wing Kin, Anthony and three independent non-executive directors are Mr. Tam King Ching, Kenny, Mr. Chan Mo Po, Paul and Mr. Yung Tse Kwong, Steven.

* *for identification purpose only*