KINGMAKER

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 2009

PERFORMANCE HIGHLIGHTS

	2009	2008	Changes
	HK$'000	*HK$'000*	
Revenue	**1,463,824**	1,317,857	11.08%
Profit for the year attributable to equity holders of the Company	**53,197**	50,398	5.55%
Earnings per share	**HK8.20 cents**	HK7.69 cents	6.63%
Total dividends per ordinary share	**HK4.00 cents**	HK3.50 cents	14.29%

- Group revenue grew approximately 11.08% to approximately HK$1,464 million
- Profit attributable to equity holders of the Company increased approximately 5.55% to approximately HK$53 million
- Earnings per share increased approximately 6.63% to approximately HK8.20 cents
- Proposed final dividend of HK2.5 cents per ordinary share
- Cash and cash equivalents of approximately HK$412 million

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 2009, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2009

		Year ended 31 March	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**1,463,824**	1,317,857
Cost of sales		**(1,269,941)**	(1,117,693)
Gross profit		**193,883**	200,164
Other income and gains, net		**20,268**	16,304
Distribution and selling costs		**(46,197)**	(25,656)
Administrative expenses		**(107,813)**	(125,625)
Finance costs	*4*	**(242)**	(66)
PROFIT BEFORE TAX	*5*	**59,899**	65,121
Tax	*6*	**(6,702)**	(14,723)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**53,197**	50,398
DIVIDENDS	*7*		
Interim		**9,723**	9,826
Proposed final		**15,974**	13,021
		25,697	22,847
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK8.20 cents**	HK7.69 cents
Diluted		**HK8.18 cents**	HK7.69 cents

CONSOLIDATED BALANCE SHEET
As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		370,526	369,094
Prepaid land lease payments		79,229	76,379
Investment properties		3,712	4,310
Deposits paid		4,444	2,367
Investments in club memberships		1,003	1,017
Available-for-sale investments		880	1,886
Total non-current assets		459,794	455,053
CURRENT ASSETS			
Inventories		110,875	134,292
Accounts and bills receivable	9	84,388	166,912
Prepayments, deposits and other receivables		10,111	16,644
Derivative financial instruments		6,080	15,405
Tax recoverable		326	111
Structured deposit		–	11,700
Cash and cash equivalents		412,167	281,177
Total current assets		623,947	626,241
CURRENT LIABILITIES			
Accounts and bills payable	10	111,051	131,482
Accrued liabilities and other payables		89,609	91,022
Tax payable		110,958	105,901
Derivative financial instruments		3,984	13,628
Interest-bearing bank borrowings		–	1,121
Total current liabilities		315,602	343,154
NET CURRENT ASSETS		308,345	283,087
Net assets		768,139	738,140
EQUITY			
Issued share capital		64,099	65,355
Reserves		688,066	659,764
Proposed final dividend		15,974	13,021
Total equity		768,139	738,140

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 available-for-sale 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 interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	HKAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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, which have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*[1]
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]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*[1]
HK(IFRIC)-Int 13	*Customer Loyalty Programme*[1]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[3]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for the accounting period on 1 April 2010, other amendments are effective for accounting period beginning on 1 April 2009 although there are separate transitional provisions for each standard.

[1] Effective for accounting period beginning on 1 April 2009
[2] Effective for accounting period beginning on 1 April 2010
[3] Effective for transfers of assets from customers received on or after 1 July 2009
[*] Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

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 HKAS 1 (Revised) and HKFRS 8 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 2009 and 2008.

Group

	Casual footwear		Babies' and children's footwear		Rugged footwear		Footwear retailing		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	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	**703,909**	717,705	**711,482**	536,631	**34,828**	63,521	**13,605**	–	**1,463,824**	1,317,857
Segment results	**38,639**	41,801	**28,170**	24,264	**1,943**	3,744	**(15,695)**	–	**53,057**	69,809
Unallocated income and gains, net									**20,268**	16,304
Unallocated expenses									**(13,184)**	(20,926)
Finance costs									**(242)**	(66)
Profit before tax									**59,899**	65,121
Tax									**(6,702)**	(14,723)
Profit for the year									**53,197**	50,398
Assets and Liabilities										
Segment assets	**252,198**	355,706	**245,784**	219,940	**45,259**	54,024	**5,881**	–	**549,122**	629,670
Unallocated assets									**534,619**	451,624
Total assets									**1,083,741**	1,081,294
Unallocated liabilities									**315,602**	343,154

Group

	Casual footwear		Babies' and children's footwear		Rugged footwear		Footwear retailing		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:										
Depreciation:										
Segment	**19,960**	19,908	**18,608**	15,901	**2,514**	4,149	**824**	–	**41,906**	39,958
Unallocated									**1,252**	1,705
									43,158	41,663
Amortisation of prepaid land lease payments:										
Segment	**692**	693	**846**	579	**77**	144	**–**	–	**1,615**	1,416
Unallocated									**474**	474
									2,089	1,890
Capital expenditure:										
Segment	**18,507**	29,697	**16,785**	5,418	**1,068**	1,438	**3,604**	–	**39,964**	36,553
Unallocated									**61**	49
									40,025	36,602

(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 2009 and 2008.

Group

	The United States of America		Europe		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**737,320**	653,525	**613,372**	590,136	**113,132**	74,196	**1,463,824**	1,317,857
Other segment information:								
Segment assets	**38,455**	108,531	**36,694**	57,049	**1,008,592**	915,714	**1,083,741**	1,081,294
Capital expenditure	**–**	–	**–**	–	**40,025**	36,602	**40,025**	36,602

4. FINANCE COSTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**242**	66

5. PROFIT BEFORE TAX

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

	Group	
	2009	2008
	HK\$'000	*HK\$'000*
Cost of inventories sold	**906,389**	823,219
Depreciation	**43,158**	41,663
Amortisation of prepaid land lease payments	**2,089**	1,890
Amortisation of a club membership	**14**	13
Fair value gain on derivative financial instruments	**(5,159)**	(1,777)
Fair value loss/(gain) on revaluation of investment properties	**598**	(1,250)
Gain on sale of an available-for-sale investment	**(106)**	–
Bank interest income	**(6,499)**	(10,074)
Interest income from accounts receivable	**(3,738)**	(3,291)
Excess over the cost of business combinations	**(634)**	–
Dividend income	**(573)**	–
Net rental income	**(231)**	(180)

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK\$'000	*HK\$'000*
Group:		
Current – Hong Kong		
Charge for the year	**156**	324
Overprovision in prior years	**–**	(118)
Current – Elsewhere		
Charge for the year	**13,752**	14,517
Overprovision in prior years	**(7,206)**	–
Total tax charge for the year	**6,702**	14,723

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2008: 17.5%), the Vietnam Corporate Tax rate of 10% to 28% (2008: 10% to 28%), the Taiwan Corporate Tax rate of 25% (2008: 25%), the preferential tax rates in Mainland China ranging from 18% to 25% (2008: 18% to 25%) and respective tax holidays granted to the subsidiaries of the Group in Mainland China and Vietnam, respectively.

In general, the Group's subsidiaries in Mainland China, which were subject to the People's Republic of China's corporate income tax at the rate of 33% before 31 December 2007, are subject to the rate of 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.

7. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim – HK1.5 cents (2008: HK1.5 cents) per ordinary share	**9,723**	9,826
Proposed final – HK2.5 cents (2008: HK2.0 cents) per ordinary share	**15,974**	13,021
	25,697	22,847

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$53,197,000 (2008: HK$50,398,000) and the weighted average of 648,930,029 (2008: 655,000,926) 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$53,197,000 (2008: HK$50,398,000) and 650,254,770 (2008: 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:

	2009	2008
Weighted average number of ordinary shares used in calculating basic earnings per share	**648,930,029**	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	**1,324,741**	131,851
Weighted average number of ordinary shares used in calculating diluted earnings per share	**650,254,770**	655,132,777

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$30,514,000 (2008: HK$90,312,000) 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	
	2009	2008
	HK$'000	*HK$'000*
Within 90 days	**84,388**	166,831
Between 91 and 180 days	**–**	71
Between 181 and 365 days	**–**	10
	84,388	166,912

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	
	2009	2008
	HK$'000	*HK$'000*
Within 90 days	**102,357**	128,669
Between 91 and 180 days	**2,301**	1,730
Between 181 and 365 days	**4,081**	127
Over 365 days	**2,312**	956
	111,051	131,482

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

11. BUSINESS COMBINATION

On 16 April 2008, the Group acquired 100% interests in Star (1) Limited, Star (2) Limited, Star (3) Limited and Viewexcel Limited (collectively known as "MOCCA") at a cash consideration of HK$3,672,000 from independent third parties (the "Acquisition"). MOCCA are engaged in the trading, distribution and retailing businesses of footwear, bags and accessories in Hong Kong.

The fair values of the identifiable assets and liabilities of MOCCA as at the date of acquisition and the corresponding carrying amounts immediately before the Acquisition were as follows:

	Previous carrying amount	**Fair value recognised on acquisition**
	HK$'000	*HK$'000*
Plant and equipment	562	562
Inventories	3,482	3,482
Prepayments, deposits and other receivables	1,676	1,676
Cash and cash equivalents	172	172
Accounts payables	(1,349)	(1,349)
Other payables	(237)	(237)
	4,306	4,306
Excess over the cost of business combination recognised in the income statement		(634)
Satisfied by cash		3,672

An analysis of the net outflow of cash and cash equivalents in respect of the Acquisition is as follows:

	HK$'000
Cash consideration	(3,672)
Cash and cash equivalents acquired	172
Net outflow of cash and cash equivalents in respect of the Acquisition	(3,500)

Since its acquisition, MOCCA contributed approximately HK$13,141,000 to the Group's revenue and loss of approximately HK$13,700,000 to the consolidated profit for the year ended 31 March 2009.

Had the business combination taken place at the beginning of the year, the revenue and net profit of the Group for the year would have been approximately HK$1,464,375,000 and approximately HK$53,029,000 respectively.

DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting the payment of a final dividend of HK2.5 cents (2008: HK2.0 cents) per ordinary share for the year ended 31 March 2009, payable to the shareholders whose names appear in the register of members of the Company at the close of business on 28 August 2009. This proposed dividend, together with the interim dividend of HK1.5 cents (2008: HK1.5 cents) per ordinary share already paid, would make a total distribution of HK4.0 cents (2008: HK3.5 cents) per ordinary share for the full year.

The dividend proposal is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting and it is expected that the dividend will be dispatched to shareholders on or about 6 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 August 2009 to 28 August 2009, 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 forthcoming annual general meeting of the Company, 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 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group has proved its resilience amid the current financial crisis despite the fact that the shocks of the global downturn have been the most severe one in recent times. During the year ended 31 March 2009, the Group succeeded in achieving approximately 11.08% year-on-year revenue growth to approximately HK$1,464 million (2008: approximately HK$1,318 million), on the back of an approximately 2.91% improvement in the average selling price ("ASP") and an approximately 7.05% increase in output in terms of product volume.

Under the unstable environment, revenue growth continued to be underpinned by the Group's market-driven product mix, with the babies and children's category becoming the major income contributor, accounting for approximately 48.60% (2008: approximately 40.72%) of total revenue. The geographical spread remained relatively stable, with the United States of America (the "US") and Europe being the Group's two major market components.

Net profit for the year attributable to shareholders increased approximately 5.55% to approximately HK$53 million (2008: approximately HK$50 million).

The Group's results were positively impacted by the slight decrease in material costs as a result of the decline in crude oil prices. Improvement was also boosted by efficiency enhancements from the implementation of the "lean manufacturing system", which also resulted in shortened production lead-times and in turn reduced transportation expenses. Labor remains an important cost factor in footwear production. The upward trend in staff salaries and wages in the People's Republic of China (the "PRC"), amid increasing minimum wage requirements, has dragged down the Group's profitability.

The Group has moved forward with its plans to set up facilities in Jiangxi Province, the PRC, and Cambodia in a bid to make the necessary advance investments to enhance supply reliability and economies of scale. Depreciation expenses have increased commensurately, along with higher rental and advertising expenses in line with the roll-out of the Group's retail business.

Earnings per share were approximately HK8.20 cents (2008: approximately HK7.69 cents). The Group is delighted to share its results with the shareholders who have demonstrated continuous support for the Group. The payment of a final dividend of HK2.5 cents (2008: HK2.0 cents) was recommended for the year ended 31 March 2009. With the expectation of continuing strong cash flow, the Group is dedicated to maintaining its current dividend policy.

BUSINESS STRATEGIES

The Group's resilient performance bears witness to a set of concrete fundamentals and continuous efficiency improvements backed up by an innovative research-and-development capability and diversified multi-location production base. Momentum has been maintained not only through capacity expansion, but also through the constant pursuit of business diversification, the latest move being downstream towards the retailing sector.

Business Diversification

Whilst maintaining a niche as a premium footwear manufacturer, the Group, as a risk-averse company, is constantly seeking diversification. Through diversification in product category and production bases, the Group enjoys considerable flexibility in adjusting its business-development roll-outs in response to market trends and changes in the operating environment.

In the latest move, the Group is building on its capabilities and industry position to take forward a new retail business plan, as part of a strategy of pursuing long-term value creation.

The development of the new retail business platform in Hong Kong and Macau aims to provide higher margins, and will complement the Group's legacy manufacturing business, which will continue to contribute to the Group's stable income streams.

Premium Capability

The Group's capabilities and years of experience in delivering tailor-made, competitive all-round services, supplemented by a wide variety of product offerings, have helped it tap into premium name-brand customers. Building on its solid partnership relationships with premium brands, the Group has been able to sustain the momentum in turnover growth. Despite weakened retail demand in major markets, and with the Renminbi ("RMB") and other export-related issues continuing to bite into orders and margins, the Group has been able to leverage its core strengths to achieve an improvement in the ASP. It is notable that the improvement was achieved against an increase in the babies' and children's category which has a comparatively lower ASP.

Product Mix

The Group continued to adjust its product mix in accordance with the current changes in the market environment. Babies' and children's footwear became the major category in the Group's output, accounting for approximately 48.60% (2008: 40.72%) of revenue, whereas premium casual footwear and rugged products contributed approximately 48.09% (2008: 54.46%) and 2.38% (2008: 4.82%), respectively. The Group will continue to enhance its competences in the premium casual segment in order to tap into new brands from both existing and potential new customers.

Market and Customer Portfolio

Revenue contributed by the US market increased slightly to approximately 50.37% (2008: 49.59%) despite the continuing appreciation of the RMB, whereas shipments to European countries dropped to approximately 41.90% (2008: 44.78%) of total revenue, due to the increase in the babies' and children's category with its lower ASP.

Meanwhile, the Group continues to hold a prudently optimistic outlook for its two major markets.

Amid the first signs of recovery, many economists in various countries and organizations have lifted the growth outlook in their latest projections, pointing to a range of signs indicating that US economic activity has bottomed out. According to the US Office for National Statistics, retail sales improved over the first quarter of 2009. Non-specialized-store sales volumes rose further in April, with clothing, footwear and textile retail sales outperforming the rest of the retail sector.

As regards Europe, although the eurozone's economy contracted further in the first quarter of 2009, the Organisation for Economic Cooperation and Development ("OECD") recently raised its forecast for its 30 member nations for the first time in two years.

With regard to business development, the Group is delighted to report that its efforts in starting new relationships with new brands were brought to fruition, with some new customers such as Camper, K1X and Rockport bringing in their initial orders during the reporting year. Major customers during the year under review included Skechers, Clarks, Stride Rite, Elefanten and G-Star, which in aggregate contributed to approximately 94.65% of revenue.

In spite of the unstable environment in the early part of 2009, the Group successfully reduced its accounts receivable from approximately 46 days to approximately 21 days, with inventory turnover days improving from approximately 64 days to approximately 49 days.

OPERATIONS REVIEW

The Group continues to focus on producing superior-quality premium-casual footwear with tailor-made one-stop services for name-brand customers, with its production bases centralized in Southeast Asia.

Manufacturing Business

The Group manages a strategic production platform with facilities in the PRC, Vietnam and Cambodia to cater for the US and European markets.

In the PRC, the Group operates a total of 26 production lines in Zhuhai, Zhongshan and Jiangxi, turning out a total of approximately 14 million pairs of shoes annually.

During the year, an easing RMB appreciation trend has relieved some of the pressure from rising labor costs. This was helped further by the postponement of the implementation of the minimum wage requirement for 2009 under the new PRC Labor Law. The raising of the export VAT rebate from 11% to 13% during the year, then to the current 15% was another positive factor for the Group.

Reflecting rising costs in China and restrained demand at home, footwear imports from China into the US decreased by 7.2% to 1.9 billion pairs worth US$14.2 billion during 2008, according to an analysis by the American Apparel & Footwear Association. However, China remained by far the largest footwear supplier to the US with an 86.8% share of total US footwear imports during 2008.

To serve this major market, the Group will continue to maintain and strengthen its production base in the PRC. In order to maintain its comparative advantage, the Group has moved forward with its expansion plan to establish facilities further inland, the new manufacturing facilities in Jiangxi Province commenced operations in the first half of 2009. With the new facilities in place, the Group's annual capacity will increase by approximately 7.89%, or approximately 1.6 million additional pairs, by 2010.

The expansion of production facilities in Vietnam and Cambodia also made excellent progress, with the new facilities being designed to increase annual capacity by an additional 1 million pairs approximately, or 16.67%, by 2010. During the reporting year, total output was approximately 5 million pairs, mainly for shipment to Europe.

In 2008, Vietnam exported leather footwear worth US$4.7 billion, an increase of 18.5%. However, the Group will stay alert to the European Union's ("EU") decision to remove Vietnamese footwear from the Generalised System of Preferences as of 1 January 2009, a change which is expected to put greater pressure on the country's producers and exporters. Higher EU import duties will be added to the existing anti-dumping duty of 10% on 33 categories of Vietnamese leather-upper footwear.

The Group will respond to these challenges by constantly improving its offers to customers and brand owners, and make up any lost ground through the provision of innovative, cost-effective and high-quality solutions. The Group will also continue to explore potential strategic partnerships that will add value and bring synergies to the existing business.

Retailing Business

To meet with its long-term expansion strategy, the Group acquired MOCCA in April 2008 to provide a new market-entry avenue into the retail sector. Although this new business unit still posted a loss of approximately HK$15.7 million for the reporting year due to the opening of new outlets, the management believes that this unit will become one of the most substantial income streams for the Group.

FUTURE PLANS AND PROSPECTS

In the coming year, the Group will focus on strengthening its competitive position in order to take forward its business-development plans to capture opportunities emerging as the market returns to stability. Efforts will therefore be geared in the following directions:

Continuing to move up the value chain

Looking forward, the uncertain economic climate is likely to continue to affect the demand for footwear globally. However, the Directors are confident that the Group can maintain its competitiveness by moving up the value chain while adopting stringent cost-control measures.

Strengthen our competitive edge

In 2009, the Group will focus on strengthening its competitive edge and consolidating its leadership position in quality footwear development and production. The Group will further expand its product offerings to customers and brand owners, and continue to enhance product quality and craftsmanship. At the same time, the Group will bolster its prudent development strategy and cost-control measures to stabilize costs while sustaining growth momentum. In the light of the escalating manufacturing costs in the southern part of the PRC, the Group is exploring more cost-effective locations for the further diversification of its Mainland production base by expanding to Jiangxi.

Further expanding our foothold

In addition to the "MOCCA" brand, the Group has also developed its own house brand of babies' products – "Fiona's Prince" – in Hong Kong. The management believes this new line will create new synergies with the Group's ongoing development plans.

Despite the global financial meltdown, the retail market in the PRC is continuing to expand. The Directors believe that the PRC footwear market will continue to experience robust growth in the coming years on the back of a healthy and steadily growing economy. In view of this, the Group will consider expanding into the PRC market to capture opportunities in the mid- to upper-market segment.

New initiatives ahead

In addition to organic expansion, the Group is actively seeking out merger and acquisition opportunities. This will allow the Group to further expand its production capacity quickly while enhancing its product offerings and maintaining a high level of production efficiency in the years ahead.

To further strengthen its foothold and positioning in the consumer market in the Greater China region, in May 2009, the Group acquired 100% of the issued share capital of FRD Worldwide Limited, which is principally engaged in garment trading, distribution and retailing business in Hong Kong and the PRC. The purchase consideration of HK$1,000,000 for the acquisition was in the form of cash.

In view of the current global economic environment, the Group is focusing on maintaining strict operational and financial control in order to successfully implement its business strategies. In this regard, the Group's cash position remains healthy.

Looking forward, although the unprecedented economic environment may have adverse effects on the Group's businesses around the world, the Group's established businesses are expected to continue to perform satisfactorily, while the Group's retail businesses are expected to make further progress. Consequently, the Directors have full confidence in the long-term prospects for the Group.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally and generated cashflow and banking facilities provided by its bankers.

Prudence financial management and selective investment criteria have enabled the Group to maintain a strong financial position. As at 31 March 2009, the Group's cash and cash equivalents were approximately HK$412 million (2008: approximately HK$281 million).

The Group is substantially debt-free. As at 31 March 2009, the Group had banking facilities amounted to an aggregate sum of approximately HK$256 million (2008: approximately HK$267 million) with various banks. Out of trade and overdraft banking facilities of approximately HK$226 million (2008: approximately HK$187 million) in Hong Kong granted to the Group, approximately HK$3 million (2008: approximately HK$1 million) had been utilized as at 31 March 2009.

For the year ended 31 March 2009, the current ratio was approximately 1.98 (2008: approximately 1.82) based on current assets of approximately HK$624 million and current liabilities of approximately HK$316 million and the quick ratio was approximately 1.63 (2008: approximately 1.43).

As at 31 March 2009, the Group did not have interest-bearing bank borrowings (2008: approximately HK$1 million), resulting nil% (2008: approximately 0.15%) of the shareholders equity.

The Group will continue to maintain conservative cash flow management to sustain a strong cash position. Having considered the major expansion plans of the Group, including Cambodia and the PRC in the next two to three years, the Directors are of the opinion that the Group has adequate liquidity to meet its current and future working capital requirements on its operations and expansion.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenue and expenditure are denominated in Hong Kong dollars, the Renminbi and the US dollars ("USD"). It is the Group's policy to adopt a conservative approach on foreign exchange exposure management.

However, the Group will continue to monitor its foreign exchange exposure and market conditions to determine if any hedging is required. The Group generally finances its operation with internal resources and bank facilities provided by banks in Hong Kong. Interest rates of borrowings are fixed by reference to the USD London Inter-Bank Offered Rate.

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimize the Group's financial risks. As a measure of additional prudence, the Group cautiously uses derivatives, principally forward foreign exchange contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's receivables and payables.

The fair value of the Group's outstanding derivative instruments as at 31 March 2009 represented the net amount the Group would receive/pay if these contracts were closed out at 31 March 2009. The fair value of these outstanding derivatives has been recognized as assets or liabilities.

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options, if consider necessary. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK$768 million as at 31 March 2009 (2008: approximately HK$738 million). As at 31 March 2009, the Group did not have interest-bearing bank borrowings (2008: approximately HK$1 million), resulting nil% (2008: approximately 0.15%) of the shareholders equity.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period, the Company repurchased 12,556,000 of its ordinary shares (2008: 1,500,000 ordinary shares) of HK$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK$8,506,000 excluding transaction cost. These shares were cancelled by the Company during the year and subsequent to the balance sheet date. The repurchase of the Company's shares during the year was effected by the Board, pursuant to the repurchase mandate granted by the shareholders, with a view to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Details of the shares repurchase during the year under review 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*
April 2008	1,374,000	0.99	0.90	1,334
May 2008	626,000	0.97	0.94	595
June 2008	500,000	1.01	0.96	490
September 2008	1,318,000	0.82	0.77	1,029
October 2008	1,358,000	0.78	0.59	974
November 2008	200,000	0.70	0.65	133
January 2009	1,982,000	0.54	0.48	996
February 2009	3,588,000	0.60	0.52	1,994
March 2009	1,610,000	0.63	0.58	961
Total	12,556,000			8,506

The premium paid on the repurchase of the shares of HK$7,250,000 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.

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.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Taiwan, the PRC, Vietnam and Cambodia, employed approximately 14,000 employees as at 31 March 2009. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options may also be granted in accordance to the terms of the Group's approved share option scheme.

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or, was not for the year ended 31 March 2009 in compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the deviation from provision A.2.1 as explained below.

Under the code provision A.2.1, the roles of Chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO 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 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 the implementation of business plans. The Board considers that this structure will not impair the balance of power and authority of the Board. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high calibre individuals with a substantial number thereof being non-executive directors. The Board would still consider segregation of the roles of Chairman and CEO if and when appropriate.

AUDIT COMMITTEE

The audit committee of the Company (the "Committee") comprises three independent non-executive Directors and one non-executive Director. The primary duties of the Committee are to review and supervise the Group's financial reporting process and internal control systems.

As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget.

The Committee has reviewed the management, the accounting principles and practices adopted by the Group and discussed the Group's auditing, internal control and financial reporting matters during the period. The Group's audited consolidated results for the year ended 31 March 2009 have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the said code of conduct for the year ended 31 March 2009.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2009 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 2009 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, 13 July 2009

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. Phillip Brian Kimmel, Mr. Lee Kung, Bobby and Mr. Wong Hei Chiu; two non-executive directors are Mr. Chow Wing Kin, Anthony and Mr. Chan Ho Man, Daniel; 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*