KINGMAKER

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 01170)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

FINANCIAL HIGHLIGHTS

	2010	2009	Change
	HK$'000	*HK$'000*	
Revenue	**1,289,684**	1,463,824	-11.9%
Gross profit	**284,355**	193,883	+46.7%
Gross profit margin	**22.0%**	13.2%	+8.8 points
Profit for the year	**105,021**	53,197	+97.4%
Net profit margin	**8.1%**	3.6%	+4.5 points
	HK cents	*HK cents*	
Basic earnings per share	**16.43**	8.20	+100.4%
Total dividends per ordinary share	**8.6**	4.00	+115.0%

- Proposed final dividend of HK7.0 cents per ordinary share
- Cash and cash equivalents of approximately HK$527 million

The board (the "Board") of directors (the "Directors") of Kingmaker Footwear Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

		Year ended 31 March	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**1,289,684**	1,463,824
Cost of sales		**(1,005,329)**	(1,269,941)
Gross profit		**284,355**	193,883
Other income and gains, net		**11,858**	20,268
Distribution and selling costs		**(45,191)**	(46,197)
Administrative expenses		**(116,483)**	(107,813)
Finance costs	*4*	**(298)**	(242)
PROFIT BEFORE TAX	*5*	**134,241**	59,899
Income tax expense	*6*	**(29,220)**	(6,702)
PROFIT FOR THE YEAR		**105,021**	53,197
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic *(HK cents)*		**16.43**	8.20
Diluted *(HK cents)*		**16.24**	8.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**105,021**	53,197
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Changes in fair value	**1,809**	(1,280)
Realised loss/(gain) transferred to the income statement on sale of available-for-sale investments	**65**	(106)
	1,874	(1,386)
Exchange differences on translation of foreign operations	**610**	8,238
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**2,484**	6,852
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**107,505**	60,049

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**357,856**	370,526
Prepaid land lease payments		**76,130**	79,229
Investment properties		**6,378**	3,712
Deposits paid		**3,350**	4,444
Investments in club memberships		**988**	1,003
Available-for-sale investments		**2,185**	880
Total non-current assets		**446,887**	459,794
CURRENT ASSETS			
Inventories		**121,821**	110,875
Accounts and bills receivable	*9*	**118,846**	84,388
Prepayments, deposits and other receivables		**10,968**	10,111
Derivative financial instruments		**1,744**	6,080
Tax recoverable		**111**	326
Cash and cash equivalents		**527,377**	412,167
Total current assets		**780,867**	623,947
CURRENT LIABILITIES			
Accounts and bills payable	*10*	**131,276**	111,051
Accrued liabilities and other payables		**107,316**	89,609
Tax payable		**137,304**	110,958
Derivative financial instruments		**152**	3,984
Total current liabilities		**376,048**	315,602
NET CURRENT ASSETS		**404,819**	308,345
Net assets		**851,706**	768,139
EQUITY			
Issued share capital		**64,181**	64,099
Reserves		**787,525**	704,040
Total equity		**851,706**	768,139

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 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's 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*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
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*
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*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for accounting period beginning on 1 April 2010.

Other than as further explained below regarding the impact of HKAS 1 (Revised), HKFRS 7 Amendments and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separate owner and non-owner changes in equity. The statement of changes in equity include only details of transaction with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The fair value measurement disclosures are presented in note to the financial statements.

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3 to this announcement.

2.2 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[1]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[1]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[3]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[2]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for the Group's accounting period beginning on 1 April 2010 although there are separate transitional provisions for each standard or interpretation.

The amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKFRS 1, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13 are effective for the Company's accounting period beginning on 1 April 2011.

In addition, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out a collection of amendments to HKFRSs in response to the International Accounting Standards Board's accounting improvements project. HKFRS 1 (Revised), HKFRS 3 (Revised), HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for the Group's accounting period beginning on 1 April 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for accounting period beginning on 1 April 2010
[2] Effective for accounting period beginning on 1 April 2011
[3] Effective for accounting period beginning on 1 April 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKAS 24 (Revised) may result in new or amended disclosures; the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies; and the adoption of HKFRS 9 may result in new or amended disclosures and changes in accounting policies; these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their business activities and has two reportable operating segments as follows:

(a) manufacturing and sale of footwear products; and

(b) retailing and wholesaling business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs and other unallocated income and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2010 and 2009.

Group

	Manufacturing and sales of footwear products		Retailing and wholesaling business		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,271,578**	1,450,219	**18,106**	13,605	**1,289,684**	1,463,824
Intersegment sales	**2,207**	–	**316**	–	**2,523**	–
Total	**1,273,785**	1,450,219	**18,422**	13,605	**1,292,207**	1,463,824
Elimination of intersegment sales					**(2,523)**	–
Total					**1,289,684**	1,463,824
Segment results	**154,952**	64,962	**(22,771)**	(14,361)	**132,181**	50,601
Unallocated income and gains, net					**946**	3,655
Interest income					**7,533**	10,237
Unallocated expenses					**(6,121)**	(4,352)
Finance costs					**(298)**	(242)
Profit before tax					**134,241**	59,899
Income tax expense					**(29,220)**	(6,702)
Profit for the year attributable to equity holders of the Company					**105,021**	53,197
Assets and liabilities						
Segment assets	**666,250**	651,535	**23,668**	8,976	**689,918**	660,511
Unallocated assets					**537,836**	423,230
Total assets					**1,227,754**	1,083,741
Segment liabilities	**216,467**	184,933	**4,197**	1,729	**220,664**	186,662
Unallocated liabilities					**155,384**	128,940
Total liabilities					**376,048**	315,602

Group

	Manufacturing and sales of footwear products		Retailing and wholesaling business		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Depreciation:						
Segment	**41,234**	42,271	**1,866**	824	**43,100**	43,095
Unallocated					**–**	63
					43,100	43,158
Amortisation of prepaid land lease payments:						
Segment	**2,130**	2,064	**–**	–	**2,130**	2,064
Unallocated					**–**	25
					2,130	2,089
Capital expenditure:						
Segment	**29,470**	36,421	**1,764**	3,604	**31,234**	40,025
Unallocated					**–**	–
					31,234	40,025

Geographical information

(a) ***Revenue from external customers***

	2010	2009
	HK$'000	*HK$'000*
The United States of America	**659,142**	737,320
Europe	**534,868**	613,372
Other countries	**95,674**	113,132
	1,289,684	1,463,824

The revenue information above is based on the location of the customers.

(b) ***Non-current assets***

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**29,339**	28,916
Mainland China	**298,994**	305,120
Cambodia	**39,156**	38,157
Vietnam	**76,695**	84,063
Other countries	**2,703**	3,538
	446,887	459,794

The non-current asset information above is based on the location of assets.

Information about major customers

Revenue of HK$630,616,000 (2009: HK$676,711,000), HK$326,914,000 (2009: HK$381,440,000) and HK$192,535,000 (2009: HK$234,432,000) was derived from sales to three customers of the Group, respectively. The above amounts include sales to a group of entities which are known to be under common control with these customers.

4. FINANCE COSTS

	Group	
	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**298**	242

5. PROFIT BEFORE TAX

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

	Group	
	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**687,474**	906,389
Depreciation	**43,100**	43,158
Amortisation of prepaid land lease payments	**2,130**	2,089
Amortisation of a club membership	**15**	14
Fair value gain on derivative financial instruments	**(2,196)**	(5,159)
Fair value loss/(gain) on revaluation of investment properties	**(743)**	598
Loss/(gain) on sale of an available-for-sale investment	**65**	(106)
Bank interest income	**(4,622)**	(6,499)
Interest income from accounts receivable	**(2,911)**	(3,738)
Excess over the cost of business combinations	**–**	(634)
Dividend income	**(17)**	(573)
Net rental income	**(439)**	(231)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) 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.

	2010	2009
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,294**	156
Current – Elsewhere		
Charge for the year	**32,700**	13,752
Overprovision in prior years	**(4,774)**	(7,206)
Total tax charge for the year	**29,220**	6,702

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2009: 16.5%), the Vietnam Corporate Tax rate of 10% to 28% (2009: 10% to 28%), the Cambodia Corporate Tax rate of 20% (2009: 20%), the Taiwan Corporate Tax rate of 25% (2009: 25%), the preferential tax rates in Mainland China ranging from 20% to 25% (2009: 18% to 25%) and respective tax holidays granted to the subsidiaries of the Group in Mainland China, Vietnam and Cambodia, 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

	2010	2009
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2009 – HK2.5 cents per ordinary share (2009: final dividend of HK2 cents per ordinary share, in respect of the financial year ended 31 March 2008)	**15,974**	13,021
Interim – HK1.6 cents (2009: HK1.5 cents) per ordinary share	**10,216**	9,723
	26,190	22,744
Proposed final dividends		
HK7.0 cents (2009: HK2.5 cents) per ordinary share	**45,217**	15,974

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

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$105,021,000 (2009: HK$53,197,000) and the weighted average of 639,177,935 (2009: 648,930,029) 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$105,021,000 (2009: HK$53,197,000) and 646,604,892 (2009: 650,254,770) 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:

	2010	2009
Weighted average number of ordinary shares used in calculating basic earnings per share	**639,177,935**	648,930,029
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	**7,426,957**	1,324,741
Weighted average number of ordinary shares used in calculating diluted earnings per share	**646,604,892**	650,254,770

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, including certain accounts receivable covered by credit insurance. 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$89,598,000 (2009: HK$30,514,000) 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 end of the reporting period, based on the date of goods delivered, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**118,788**	84,388
Between 91 and 180 days	**9**	–
Between 181 and 365 days	**17**	–
Over 1 year	**32**	–
	118,846	84,388

10. ACCOUNTS AND BILLS PAYABLE

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

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**127,650**	102,357
Between 91 and 180 days	**2,538**	2,301
Between 181 and 365 days	**365**	4,081
Over 365 days	**723**	2,312
	131,276	111,051

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

11. BUSINESS COMBINATIONS

On 9 May 2009, the Group acquired 100% interests in FRD Worldwide Limited and its subsidiaries (collectively known as "FRD Group") at a cash consideration of HK$1,000,000 from an independent third party (the "Acquisition"). FRD Group is principally engaged in garment trading, distribution and retailing business in the People's Republic of China.

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

	Previous carrying amount *HK$'000*	**Fair value recognised on acquisition** *HK$'000*
Plant and equipment	595	595
Inventories	1,494	1,494
Prepayments, deposits and other receivables	525	525
Cash and cash equivalents	239	239
Accounts payable	(518)	(518)
Accrued liabilities and other payables	(1,937)	(1,937)
	398	398
Goodwill on acquisition		602
Satisfied by cash		1,000

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

	HK$'000
Cash consideration	(1,000)
Cash and cash equivalents acquired	239
Net outflow of cash and cash equivalents in respect of the Acquisition	(761)

Since the Acquisition, FRD Group contributed approximately HK$2,245,000 to the Group's revenue and loss of HK$4,668,000 to the consolidated profit for the year ended 31 March 2010.

Had the business combination taken place at the beginning of the year, the revenue and net profit of the Group the year ended 31 March 2010 would have been approximately HK$1,289,834,000 and approximately HK$103,975,000, respectively.

DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting the payment of a final dividend of HK7.0 cents (2009: HK2.5 cents) per ordinary share for the year ended 31 March 2010, payable to the shareholders whose names appear in the register of members of the Company at the close of business on 23 August 2010. This proposed dividend, together with the interim dividend of HK1.6 cents (2009: HK1.5 cents) per ordinary share already paid, would make a total distribution of HK8.6 cents (2009: HK4.0 cents) per ordinary share for the full year.

The dividend proposal is subject to the approval by the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting and if so approved, it is expected that the dividend will be dispatched to the Shareholders on or about 28 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 August 2010 to 27 August 2010, both days inclusive, during which period no transfers of shares shall be effected. To qualify for the 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 23 August 2010.

CHAIRMAN'S STATEMENT

I am pleased to report that the Group is emerging from the global financial and economic crisis in sound condition, with a more focused business strategy, streamlined operations and a healthy financial position.

As reflected by improvements in the gross profit margin and market share, the Group has successfully managed its business in the face of a challenging global economic environment.

The overall improvement in profitability reflected ongoing efforts to maintain a product mix with a major portion of premium items that command higher margins, as well as tight control and re-engineering disciplines. The Board is confident that by maintaining a balanced and constantly fine-tuned business and product portfolio, and with the support of robust multi-country production capabilities, the Group will be able to continue its success amid the ongoing turbulence for the foreseeable future.

Results and Dividends

For the year ended 31 March 2010, the Group posted an approximately 11.9% decline in revenue to approximately HK$1,290 million (2009: approximately HK$1,464 million). Profit attributable to equity holders of the Company grew strongly, by approximately 97.4% to approximately HK$105 million.

The proportionally higher profit is mainly attributable to the Group's sustained efforts in growing higher-margin businesses, successful cost re-engineering derived from efficiencies achieved upon completion of a reorganization of its manufacturing and administrative systems, combined with the implementation of strict cost controls.

Basic earnings per share for the year increased by 100.4% to approximately HK16.43 cents, compared with approximately HK8.20 cents for the financial year 2009. The Board has proposed a final dividend of HK7.0 cents per ordinary share. Together with the interim dividend of HK1.6 cents per share, the Group has delivered a total dividend for the year of HK8.6 cents per ordinary share, an increase of approximately 115.0% over the previous financial year.

Business Strategies

The Group's capacity to work flexibly in catering to the stringent and ever-changing production and quality requirements of its customers is the result of years of dedication to research and development ("R&D"), manufacturing system refinement, productivity enhancement and staff training and retention.

This core competence has enabled the Group to work hand in hand with its customers to explore new product function and design possibilities. As a result, the Group has been able to offer a stream of new types of footwear that have delivered market successes for clients.

The long-term effort to maintain a multi-location production base in the People's Republic of China (the "PRC"), Vietnam and Cambodia has yielded continuing satisfaction with the Group. Leveraging on this diversified production base, the Group is now able to serve the varied manufacturing needs of its customers in different markets. This has resulted in a healthy market spread for the Group which is one of the key factors in its resilience.

Both as part of a commitment to being a responsible employer and as a means of enhancing efficiency, the Group adopts a staff policy that aims at rewarding its team fairly and reasonably, helping them achieve personal and professional growth, and unleashing staff potential by empowering its team members. As an additional incentive, the Group adopted a share award scheme on 3 June 2010 to recognize the contributions of the employees in any member company of the Group. The Group's long-term dedication to staff engagement has resulted in a high retention rate and steady improvement in productivity on manufacturing lines.

Future Plans and Prospects

I am also pleased to report that the Group is entering fiscal year 2010/11 in an even more competitive position in the current market.

The increase in gross margin last year is a result of the Group's sustained efforts in growing and developing higher-margin businesses, successful cost re-engineering, delivering efficiencies on its improved manufacturing and administrative systems, and better cost base after completing a global reorganization combined with the implementation of strict cost control.

Going forward, although the economic climate is still uncertain, we are cautiously optimistic that the Group will deliver growth in the financial year 2011. This will be achieved through pursing our strategy of product innovation, further gains in market share, geographic expansion and operational excellence.

Move up the value chain through product innovation

Looking ahead, the uncertain economic climate is likely to continue to make the global footwear market challenging, but the Directors are confident that it can maintain its competitiveness by moving up the value chain and, as mentioned earlier, adopting stringent cost-control measures.

In 2010, leveraging on its R&D capabilities and core strength, the Group uses its existing design facilities in Zhongshan to serve the increasingly specialized needs of its customer, Skechers, for the design and manufacturing of a new model "*Shape Ups*". *Shape Ups* from *Skechers* are designed to get people fit while they walk, work, shop, and more. Serving as an addition to boots, sandals and dress casuals, this new product has the function of retraining muscles, helping people improve their posture while they walk.

As exemplified in the development of specialized footwear, the Group's R&D edge enables it to move closer to customers and respond quickly to their individual needs and specifications. This core competence will continue to underline the Group's marketing drive to secure more orders of *Shape Ups* from *Skechers*.

Steady recovery in manufacturing sector

Retail markets in most developed countries started to show signs of recovery towards the end of the calendar year 2009. This, coupled with the rebound in sales we have seen in the first three months of the calendar year 2010, gives some causes for optimism. However, given the instability of certain EU countries and the subsequent volatility in global financial markets, we still see considerable uncertainty over the sustainability of this recovery.

Despite all this, the Group remains confident of a steady recovery in its manufacturing operations, as the export markets began to show signs of recovery forecast in the second half of the reporting year. With reference to the improvement in our order book, the Group predicts a moderate growth in export volumes in the coming year, as well as a mild increase in the average selling price ("ASP").

Rising costs will bring more challenges to the Group in the financial year 2011. Material and component prices have increased remarkably since the lows in 2009 and 2010. Lead times are also longer. Leveraging on our economies of scale and strong procurement power, the Group is working closely with suppliers to mitigate these impacts.

The increase in the minimum wage of workers in the PRC, which came into effect in May 2010, will also contribute to rising labour costs in the PRC. We will continue to re-engineer products for lower costs, and seek productivity gains through increasing automation and improving manufacturing processes.

Strengthening of our competitive edge and bottom line

In order to counteract the increasing wage costs and other unfavourable factors, the Group plans to shift its more labour-intensive processes to locations further inland of the PRC, in order to improve input costs and stabilize the labour supply.

In the face of escalating manufacturing costs in the southern part of the PRC, the Group plans to adopt a three-pronged strategy for production. First, our existing Zhuhai and Zhongshan facilities will be further transformed and upgraded to become our high-end R&D centre, dedicated to serving the United States of America (the "US") clients' requirements for items with higher added value and shorter lead times. Meanwhile, production dedicated to European shipments is supported by our Vietnam and Cambodia factories. Finally, our inland facilities in Jiangxi, the PRC will be designated for labour-intensive processes such as stitching and sewing, and will become the production base for lower-cost items and those allowing longer delivery lead times.

The Group will continue to seek expansion of its manufacturing capacity through organic growth, rather than through acquisitions. As part of our long-term effort to optimize our cost structure, we will continue to pursue possible relocation of our production facilities in southern China to our lower-cost base in Jiangxi.

Continuous expansion of retail business

In the long term, the outlook for the Group's retail operations in the PRC is promising given the strength of the PRC economy and the rising incomes of consumers. On the retail side, the Group is well geared up to further reap the benefits of economic growth in the PRC.

Despite the global financial turmoil, the retail market in the PRC is enjoying sustained growth. The Directors believe that the PRC's consumer market, especially men's causal as well as babies' and children's footwear markets, 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 further expansion into the PRC market to capture opportunities in the growing demand for quality fashion footwear in the mid-to-upper market segments.

The Group remains optimistic about the prospects of the retail market, as sustainable economic development and social mobility support a growing demand for quality fashion footwear.

In the coming year, the Group will continue to implement its store expansion strategy, targeting high growth in retail revenue through same-store sales and space expansion under *MOCCA*, *Fiona's Prince, Fin-shop* and *AIMS* brand stores in both Hong Kong and the PRC markets.

The Directors believe the strategy allows the Group to be well-positioned to overcome the challenges ahead and profit from any opportunities that may arise.

Although the investment in retailing and wholesaling business segment had inevitably affected the Group's earnings this year, the Directors believe that it is a sound investment that will bring in new income and earnings streams to sustain long-term returns to the Shareholders in the coming years.

Conclusion

The Group has strong R&D capabilities, market leadership position, a strong financial position and highly efficient operations. We will continue to focus on product innovation and geographical expansion to deliver growth, while managing costs and risks to enhance profitability.

In view of current global economic environment, the Group has focused on maintaining strict operational and financial discipline to successfully execute its business strategy. The Group's cash position remains healthy.

While remaining prudent, the Group is committed to the continuous expansion of its production capacity in line with demand. In the year ahead, we will also drive continuous enhancement of product offerings through R&D and production efficiencies through automation and staff training.

Looking ahead, although the unprecedented economic environment may have various adverse effects on the Group's various businesses around the world, the Group's established businesses are expected to continue to perform satisfactorily with the new retail segment expected to continue to progress. The Directors have full confidence in the future prospects of the Group in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group is pleased to report a set of encouraging results amidst ongoing market adversities in the US and new economic challenges in the European market. During the year ended 31 March 2010, the Group posted a 97.4% increase in net profit attributable to the Shareholders of approximately HK$105 million (2009: approximately HK$53 million), enhanced by efforts to optimize material usage and labour efficiency through the implementation of a lean manufacturing system.

Revenue for the year decreased by approximately 11.9% to HK$1,290 million (2009: approximately HK$1,464 million). The decrease mainly incorporated a 4.5% decrease in the ASP and a 8.5% drop in output in terms of product volume from the manufacturing and sales of footwear products.

The decrease in ASP was partly due to the growth in the babies' and children's footwear category which has a lower ASP. In order to build resilience into its business portfolio, the Group will continue to maintain a balanced product mix and groom the growth of each product category through development of new models. Going forward, the Group will continue to develop new models of premium casual footwear for existing customers, at the same time solicit new clients in the global footwear market.

The well balanced geographical customer diversification of the Group is another defence mechanism against the macro turbulence. During the year under review, shipments to the US contributed to approximately 51.1% (2009: approximately 50.4%) of the Group's revenue, while the European segment accounted for approximately 41.5% (2009: approximately 41.9%). The Group will maintain its prudent policy in monitoring and fine-tuning its product and market mix to stay relevant to the evolving market trend.

During the reporting year, the Group managed to further reduce the material costs under the lean manufacturing system. The launch of the new "wellness" footwear product line, *Shape Ups* from *Skechers*, also contributed to the reduction in material costs due to the economies of scale in production. In addition to enhancing production efficiency, the implementation of the lean manufacturing system also resulted in shortened lead times, which in turn reduced transportation expenses. Along with a better production planning in Vietnam and Cambodia factories, airfreight charges were brought down by approximately HK$7 million, year on year, in the face of a resurgence in crude oil prices.

As a result of the lean manufacturing, despite the increase in wage rates and the appreciation of the Renminbi ("RMB"), the Group was abled to reduce total labour and staff costs by approximately HK$10 million compared with the previous year. This was achieved through continuous productivity enhancement and the Group's dedicated efforts to nurture and retain talents, continuing efforts were also made to control and reduce the subcontracting charges, mainly in the Vietnam factory, where the subcontracting charges were reduced by approximately HK$9 million to approximately HK$14 million for the year ended 31 March 2010 (2009: approximately HK$23 million).

The increase in the value added tax ("VAT") rebate for exports from the PRC to 15% also exerted a positive impact of approximately HK$16 million to the Group's net profit for the year. Rental and advertising expenses increased in line with the roll-out of the Group's retail programme in Hong Kong. The Group is committed to maintaining its strict controls on administrative and selling costs.

Earnings per share advanced 100.4%, year on year, to approximately HK16.43 cents (2009: approximately HK8.20 cents). A final dividend of HK7.0 cents (2009: HK2.5 cents) was recommended for the year ended 31 March 2010. The Group is delighted to share its results with the Shareholders who have been very supportive of its development plans. With the expectation of strong cash flow over the foreseeable future, the Group is dedicated to maintaining its current dividend policy.

Operational Review

With the global financial crisis gradually receding in many markets, uncertainties and pressure on operations still cloud the manufacturing sector. Nevertheless, the Group is proud to be able to continue to strengthen its leading position in the industry and excellence in manufacturing high-quality footwear products.

Leveraging on its strong manufacturing base centred on Southeast Asia and the PRC, the Group continues to provide a comprehensive range of customized services for the world's major footwear brands.

The Group's operational excellence is also supported by a sound financial position. During the year, debtors' turnover period was extended to approximately 34 days (2009: approximately 21 days). Cash and cash equivalents were maintained at a favourable level of approximately HK$527 million (2009: approximately HK$412 million) as at 31 March 2010.

Manufacturing Business

The Group's robust competitive position is underpinned by its dual-focus on the premium casual as well as babies' and children's footwear categories. To add further growth momentum and to enhance its margin, the Group has recently introduced a premium line of footwear to its existing product portfolio.

During the year under review, a "wellness" line of premium footwear was developed and introduced for *Skechers*. This new product line was launched to a strong market response which has validated the Group's R&D edge.

The Group now operates a total of 38 production lines in Zhuhai, Zhongshan and Jiangxi in the PRC, Vietnam and Cambodia. With the new facilities in operation, the Group's annual capacity currently stands at around 20 million pairs. Overall facilities utilization stood at 65% during the year while a certain capacity has been reserved for the development of new styles and product categories.

With the operating environment remaining uncertain, the Group adjusted the time frame for its capacity expansion plan. As part of this, facilities upgrading has been continued at the new facilities in Cambodia and in Jiangxi Province, the PRC. The three production lines in Cambodia have been ramped up to smooth operation and have already begun to contribute to the Group's topline. In the year under review, the Cambodian facilities contributed approximately 5% of the Group's turnover. The new facilities in Jiangxi, which commenced production in the reporting year, contributed 4% of the Group's revenue during the year.

Major customers during the year under review include *Skechers, Clarks, Stride Rite, Elefanten* and *Rockport*, which in aggregate accounted for approximately 94.3% of the Group's revenue.

The slowdown in the RMB appreciation trend during the year has in part mitigated the rise in labour costs in the PRC. This, together with the effect of the lean manufacturing system, brought a positive impact of approximately 0.6% to the Group's profit margin.

The increment in the export VAT rebate from 11% to 15% brought an additional positive benefit of approximately 1.1% to the profit margin.

The Group will continue to expand its product mix to cater to the needs of brand owners for innovative, cost-effective and high-quality production solutions. The launch of the new "wellness" line of premium products is a good illustration of the Group's success in capturing new market opportunities with new product ideas. This new product line also resulted in an improvement in the Group's profit margin and the overall ASP.

At the same time, the Group will continue to explore opportunities for pursuing strategic partnerships that will create value-added and synergistic benefits for its existing businesses.

Retailing Business

In 2008, as part of its long-term diversification and margin-enhancement initiative, the Group acquired *MOCCA*, a retail-chain business specializing in ladies' shoes and bags. Although this business line incurred a loss of approximately HK$18.1 million (2009: approximately HK$14.4 million) during the year, the Group is confident of its prospect of generating a new income stream in the future. The loss was mainly attributable to the high rental expenses in Hong Kong.

The *MOCCA* chain made its first advance into the PRC during the year and currently operates a network of five shops in Hong Kong, four in the PRC and one in Macau. Supported by its production capability in the babies' and children's category, the retail unit introduced a new brand of infant shoes – "*Fiona's Prince*". This baby footwear line now has two shops in Hong Kong and four in the PRC. Negotiations have been underway for the establishment of more retail points for both *MOCCA* and *Fiona's Prince* in the PRC.

During the year, the Group acquired the FRD Group, a men's fashion retail business. The FRD Group owns the brand *AIMS*, signifying *arts in motion*, which targets the younger generation of consumers. The FRD Group currently operates two shops in Guangzhou in the PRC. In the year under review, the unit incurred a loss of approximately HK$4.7 million (2009: Nil). Additional points of sale will be established in the PRC during 2010 in order to tap into the continuing consumption growth.

The Group will implement and maintain prudent measures to control and facilitate the development of these new business units, and it believes that the retailing segment will establish itself as another major source of income for the Group over the medium-to-long term.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

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

Prudent financial management and selective investment criteria have enabled the Group to maintain a strong financial position. As at 31 March 2010, the Group's cash and cash equivalents were approximately HK$527 million (2009: approximately HK$412 million).

The Group is substantially debt-free. As at 31 March 2010, the Group had banking facilities amounted to an aggregate sum of approximately HK$211 million (2009: approximately HK$256 million) with various banks. Out of the trade and overdraft banking facilities of approximately HK$196 million (2009: approximately HK$226 million) in Hong Kong had been granted to the Group, approximately HK$2 million (2009: approximately HK$3 million) had been utilized as at 31 March 2010.

For the year ended 31 March 2010, the current ratio was approximately 2.08 (2009: approximately 1.98) based on current assets of approximately HK$781 million and current liabilities of approximately HK$376 million and the quick ratio was approximately 1.75 (2009: approximately 1.63).

As at 31 March 2010, the Group did not have any interest-bearing bank borrowings.

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 RMB 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 HKD Hong Kong Inter-Bank Offered Rate, the USD London Inter-Bank Offered Rate or the Singapore 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 derivative financial instruments, principally forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's receivables and payables.

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$852 million as at 31 March 2010 (2009: approximately HK$768 million). As at 31 March 2010, the Group did not have any interest-bearing bank borrowings (2009: nil), resulting nil% (2009: nil%) of the shareholders equity.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased and cancelled 4,914,000 of its 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$3,813,000 excluding transaction cost. 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 2009	2,014,000	0.67	0.59	1,274
July 2009	68,000	0.85	0.83	57
August 2009	30,000	0.85	0.84	25
September 2009	630,000	0.81	0.76	494
October 2009	1,434,000	0.92	0.79	1,229
November 2009	128,000	0.92	0.90	116
January 2010	90,000	1.00	0.99	90
February 2010	520,000	1.04	0.98	528
Total	4,914,000			3,813

The premium paid on the repurchase of the shares of HK$3,322,000 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 12,000 employees as at 31 March 2010. 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 2010 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 implementing 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 with 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 year. The Group's audited consolidated results for the year ended 31 March 2010 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 2010.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2010 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 2010 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, 19 July 2010

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*