Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2012

FINANCIAL HIGHLIGHTS

	2012	2011	Change
	HK$'000	*HK$'000*	
Revenue	**1,654,968**	1,503,868	+10%
Gross profit	**236,772**	303,538	–22%
Gross profit margin	**14.3%**	20.2%	–5.9 points
Profit for the year attributable to equity holders of the Company	**54,089**	122,304	–55.8%
Net profit margin	**3.3%**	8.1%	–4.8 points
	HK cents	*HK cents*	
Basic earnings per share	**8.00**	18.59	–57%
Total dividends per ordinary share	**6.5**	10.0	–35%
Total dividends payout ratio	**81.3%**	53.8%	+51.1%

- Proposed final dividend of HK1.5 cents per ordinary share and special dividend of HK2.0 cents per ordinary share
- Cash and cash equivalents of approximately HK$475 million

The board (the "Board") of directors (the "Directors") of Kingmaker Footwear Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
REVENUE	*3*	**1,654,968**	1,503,868
Cost of sales		**(1,418,196)**	(1,200,330)
Gross profit		**236,772**	303,538
Other income and gains, net		**14,214**	21,296
Distribution and selling costs		**(61,564)**	(62,291)
Administrative expenses		**(130,974)**	(123,365)
Finance costs	*4*	**(7)**	(15)
PROFIT BEFORE TAX	*5*	**58,441**	139,163
Income tax expense	*6*	**(4,352)**	(16,859)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**54,089**	122,304
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**8.00**	18.59
Diluted *(HK cents)*		**7.92**	18.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**54,089**	122,304
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments revaluation reserve:		
Changes in fair value	**438**	(42)
Asset revaluation reserve:		
Gain on revaluation of buildings	**30,032**	10,284
Income tax effect	**(7,508)**	(2,571)
	22,524	7,713
Exchange differences on translation of foreign operations	**10,953**	7,902
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**33,915**	15,573
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**88,004**	137,877

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**411,419**	353,444
Prepaid land lease payments		**58,549**	60,407
Investment properties		**81,071**	33,256
Deposits paid		**3,321**	4,309
Investments in club memberships		**964**	968
Available-for-sale investments		**2,581**	2,143
Total non-current assets		**557,905**	454,527
CURRENT ASSETS			
Inventories		**211,204**	172,633
Accounts and bills receivable	9	**164,292**	157,739
Prepayments, deposits and other receivables		**13,931**	12,030
Derivative financial instruments		**273**	2,698
Tax recoverable		**244**	111
Cash and cash equivalents		**475,391**	530,190
Total current assets		**865,335**	875,401
CURRENT LIABILITIES			
Accounts and bills payable	10	**165,949**	117,634
Accrued liabilities and other payables		**118,114**	107,671
Tax payable		**145,870**	150,662
Derivative financial instruments		**1,606**	312
Total current liabilities		**431,539**	376,279
NET CURRENT ASSETS		**433,796**	499,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**991,701**	953,649
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**11,690**	4,098
Net assets		**980,011**	949,551
EQUITY			
Issued share capital		**67,853**	66,841
Reserves		**912,158**	882,710
Total equity		**980,011**	949,551

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 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*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- *HKAS 1 Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- *HKAS 27 Consolidated and Separate Financial Statements:* The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standard – Government Loan*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]
Annual Improvements Project	Annual Improvements to IFRSs 2009-2011 Cycle[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its 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 2012 and 2011.

	Manufacturing and sale of footwear products		Retailing and wholesaling business		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,621,008**	1,473,072	**33,960**	30,796	**1,654,968**	1,503,868
Intersegment sales	**8,796**	8,062	**–**	–	**8,796**	8,062
Total	**1,629,804**	1,481,134	**33,960**	30,796	**1,663,764**	1,511,930
Elimination of intersegment sales					**(8,796)**	(8,062)
Total					**1,654,968**	1,503,868
Segment results	**76,965**	169,471	**(25,516)**	(37,924)	**51,449**	131,547
Unallocated income and gains, net					**509**	2,986
Interest income					**10,776**	6,770
Unallocated expenses					**(4,286)**	(2,125)
Finance costs					**(7)**	(15)
Profit before tax					**58,441**	139,163
Income tax expense					**(4,352)**	(16,859)
Profit for the year attributable to equity holders of the Company					**54,089**	122,304
Assets and liabilities						
Segment assets	**837,195**	763,185	**20,974**	22,533	**858,169**	785,718
Unallocated assets					**565,071**	544,210
Total assets					**1,423,240**	1,329,928
Segment liabilities	**286,007**	213,643	**4,024**	4,549	**290,031**	218,192
Unallocated liabilities					**153,198**	162,185
Total liabilities					**443,229**	380,377

	Manufacturing and sale of footwear products		Retailing and wholesaling business		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Depreciation:						
Segment	**41,874**	40,275	**2,941**	2,272	**44,815**	42,547
Unallocated					**92**	–
					44,907	42,547
Amortisation of prepaid land lease payments:						
Segment	**1,735**	1,698	**–**	–	**1,735**	1,698
Unallocated					**–**	–
					1,735	1,698
Capital expenditure:						
Segment	**30,968**	20,328	**2,931**	3,240	**33,899**	23,568
Unallocated					**77,600**	–
					111,499	23,568

Geographical information

(a) Revenue from external customers

	2012	2011
	HK$'000	*HK$'000*
The United States of America	**715,341**	895,787
Europe	**621,905**	472,459
Others	**317,722**	135,622
	1,654,968	1,503,868

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

(b) Non-current assets

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**39,186**	27,355
Mainland China	**396,253**	311,343
Cambodia	**50,812**	41,902
Vietnam	**70,086**	71,516
Others	**1,568**	2,411
	557,905	454,527

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

Information about major customers

Revenue derived from sales to customers with over 10% of the total revenue of the Group during the years ended 31 March 2012 and 2011 are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**414,800**	312,653
Customer B	**336,643**	762,270
Customer C	**246,617**	235,934
Customer D	**216,410**	N/A*
Customer E	**173,901**	N/A*
Customer F	**168,955**	N/A*
	1,557,326	1,310,857

* Sales to these customers during the year ended 31 March 2011 amounted to less than 10% of the total revenue of the Group other than those disclosed on the above tables.

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	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**7**	15

5. PROFIT BEFORE TAX

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**895,125**	806,720
Depreciation	**44,907**	42,547
Amortisation of prepaid land lease payments	**1,735**	1,698
Amortisation of a club membership	**4**	20
Fair value loss/(gain) on derivative financial instruments	**852**	(6,594)
Fair value loss/(gain) on revaluation of investment properties	**441**	(4,764)
Bank interest income	**(8,909)**	(5,148)
Interest income from accounts receivable	**(1,867)**	(1,622)
Dividend income	**(30)**	(25)
Net rental income	**(4,117)**	(1,849)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,180**	1,278
Current – Elsewhere		
Charge for the year	**11,288**	22,040
Overprovision in prior years	**(8,006)**	(7,865)
Deferred	**(110)**	1,406
Total tax charge for the year	**4,352**	16,859

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2011: 16.5%), the Vietnam Corporate Tax rate of 10% to 25% (2011: 10% to 25%), the Cambodia Corporate Tax rate of 20% (2011: 20%), the Taiwan Corporate Tax rate of 17% (2011: 17%), the preferential tax rates in Mainland China ranging from 24% to 25% (2011: 22% to 25%) and the respective tax holidays granted to the subsidiaries of the Group in Mainland China, Vietnam and Cambodia.

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. 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$54,089,000 (2011: HK$122,304,000), and the weighted average of 675,809,131 (2011: 657,917,148) 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$54,089,000 (2011: HK$122,304,000) and 682,823,126 (2011: 673,674,669) 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:

	2012	2011
Weighted average number of ordinary shares used in calculating the basic earnings per share	**675,809,131**	657,917,148
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	**7,013,995**	15,757,521
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**682,823,126**	673,674,669

8. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2011 – HK7.0 cents per ordinary share (2011: final dividend of HK7.0 cents per ordinary share, in respect of the financial year ended 31 March 2010)	**47,493**	46,123
Interim – HK3.0 cents (2011: HK3.0 cents) per ordinary share	**20,300**	19,993
	67,793	66,116
Proposed final dividend		
HK1.5 cents (2011: HK7.0 cents) per ordinary share	**10,217**	47,313
Proposed special dividend		
HK2.0 cents (2011: nil) per ordinary share	**13,623**	–
	23,840	47,313

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

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.

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	
	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**164,251**	154,816
Between 91 and 180 days	**41**	2,923
	164,292	157,739

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	
	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**158,705**	109,248
Between 91 and 180 days	**3,240**	6,105
Between 181 and 365 days	**2,722**	1,617
Over 365 days	**1,282**	664
	165,949	117,634

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

DIVIDENDS AND SHARE REPURCHASES

To reward our shareholders for their long-term support, the Board recommends the payment of a final dividend of HK1.5 cents per share and a special dividend of HK2.0 cents per share. Together with the interim dividend of HK3.0 cents per share, the Group has delivered a total dividend for the year of HK6.5 cents per ordinary share, with an increase of the dividend payout ratio to approximately 81.3%.

The proposed final and special dividends are subject to the approval of the shareholders at the Annual General Meeting ("AGM") which is scheduled to be held on Monday, 27 August 2012. The payment of final and special dividends will be payable on or about Friday, 21 September 2012.

In addition to dividend payments, during the course of the financial year the Company repurchased and cancelled 5,130,000 of its ordinary shares at an average price of HK$1.26 per share. We consider such repurchases to be a constructive element in the prudent management of the overall capital structure and in enhancing returns to shareholders over time.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Thursday, 23 August 2012 to Monday, 27 August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 August 2012.

(b) Entitlement to the proposed final and special dividends

The record date for entitlement to the proposed final and special dividends is 5 September 2012. The register of members of the Company will be closed from Monday, 3 September 2012 to Wednesday, 5 September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special dividends, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Friday, 31 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

During the year ended 31 March 2012, the world faced a series of unprecedented macroeconomic shocks. Weak global demand amidst a slowdown in the economy of the United States and a turbulent eurozone had a material adverse impact on the manufacturing sector as a whole.

The Group was not immune to these challenges, but through consistent efforts to adjust its product and client portfolios in response to market changes, it was able to achieve an approximately 10.0% year-on-year growth in turnover to approximately HK$1,655 million (2011: approximately HK$1,504 million) during the year. The average selling price ("ASP") and business volume, as expressed in the number of pairs of footwear produced, also grew 3.7% and 6.4% respectively.

Rising material prices and labor costs in the PRC eroded the Group's gross profit margin, resulting in an approximately 55.8% decline in net profit attributable to the equity holders of the Company to approximately HK$54 million (2011: approximately HK$122 million).

Compared to the previous year, material cost increased by approximately 11.5% and labor cost was up by 27.5%, with the appreciation of the Renminbi exerting further pressure on the Group's margin. As a result of a shortage of experienced skilled labor, the Group incurred additional subcontracting charges totaling approximately HK$45 million (2011: approximately HK$24 million), a year-on-year increase of approximately 87.5%. With rising costs outweighing growth in revenue and ASP, the gross profit margin dropped to approximately 14.3%.

The multi-country production platform across the PRC, Vietnam and Cambodia continued to help the Group build flexibility into its product mix. Upon commissioning of the new production lines in the factories in Cambodia and Jiangxi, the PRC, contributions from these two production centers increased further to approximately 7.6% (2011: approximately 6.6%) and 7.6% (2011: approximately 5.9%) respectively to the Group's total turnover.

The facilities were organized into three specialized production hubs serving different manufacturing requirements and levels of sophistication, enabling the Group to calibrate its product mix in response to the ever-changing market environment. Despite the easing off of the sales of "wellness" shoes, the premium casual footwear category remained the Group's largest revenue generator, accounting for approximately 43.7% (2011: approximately 60.3%) of Group turnover. The Group was able to maintain its niche in the premium segment as it maintains the superior quality of its products supplemented by tailor-made production services. Babies' and children's footwear and rugged shoes contributed approximately 42.4% (2011: approximately 35.3%) and 13.9% (2011: approximately 4.4%) of turnover respectively.

The dual impact of a slowing US economy and the continuing appreciation of the Renminbi has led the market focus of the Group to shift from the US to Europe. During the year, the Group's shipments to the US dropped to approximately 43.2% (2011: approximately 59.6%) by revenue, while that of the European segment increased to approximately 37.6% (2011: approximately 31.4%) of the total. Shipments to other markets, including Asia, increased to approximately 19.2% (2011: approximately 9.0%). The shift in the Group's market mix validates its ability to adapt flexibly to market conditions.

During the year, material costs went up owing to rising material prices and the appreciation of the Renminbi. Material usage also increased as the Group geared up product development work for new footwear categories, in an effort to make up for the decline in shipments of "wellness" shoes.

For the manufacturing unit, total labor and staff costs increased to account for approximately 22.3% (2011: approximately 19.3%) of turnover amidst rising minimum wages in the PRC and partly as a result of the appreciation of the Renminbi. The lean manufacturing system continued to be in place to help the Group gain efficiency by shortening production lead times, and the moderate increase in ASP has also helped recoup part of the higher costs for materials and labor.

As a result, earnings per share for the year decreased by approximately 57.0% year on year to approximately HK8.0 cents (2011: approximately HK18.59 cents). In view of its continued healthy financial position, the Group pledges to continue its dividend policy of sharing results with shareholders.

Accordingly, the Board recommended the payment of a final dividend and special dividend of HK1.5 cents (2011: HK7.0 cents) and HK2.0 cents (2011: nil) respectively, which together with the interim dividend of HK3.0 cents (2011: HK3.0 cents), represents a payout ratio of approximately 81.3% (2011: approximately 53.8%).

Operational Review

The complex market environment caused by weak economic conditions in the US and European markets has exacerbated the difficulty of manufacturers in optimizing facilities utilization to gain cost efficiency. Against such a backdrop, the Group has continued to leverage its core strengths to proactively adjust its product and client portfolios in accordance with market changes.

The measures taken included the further diversification of the production base by speeding up the relocation of production lines to lower-cost centers. In order to strengthen its lead in the premium casual footwear segment, the Group has expended much effort in developing new premium-quality white shoes which have come into fashion.

To defend its lead in strategic segments including premium fashion casual footwear and babies' and children's shoes, the Group has adhered to its core competencies in its one-stop solution featuring product development, superior quality and customized production. The Group will continue to sustain its premium business portfolio as part of its differentiating strategy.

The Group held a sound financial position with cash and cash equivalents maintained at a favorable level of approximately HK$475 million (2011: approximately HK$530 million) as at 31 March 2012.

Manufacturing Business

The Group serves the world's major footwear brands from its diversified network of factories, organized into three specialized hubs across Southeast Asia and the PRC. With the southern Zhuhai and Zhongshan factories serving as the Group's headquarters, research and development center and high-end manufacturing base, the inland Jiangxi factory is designated for the production of mid-range footwear. The facilities in Southeast Asia, including Vietnam and Cambodia, are for European shipments and mass market products.

The facilities, located and designed to accommodate varying product development and manufacturing requirements, had a total of 38 production lines as at the year end date. 11 lines were located in Vietnam, 3 in Cambodia, and 24 in the PRC, including 11 in Zhongshan, 8 in Zhuhai and 5 lines in Jiangxi Province. Overall facilities utilization was 76% (2011: 71%) during the year.

In view of the soft market, capacity expansion has been focused on lower-cost bases in Jiangxi and Cambodia. The new Jiangxi factory had 5 production lines as at 31 March 2012 and already contributed approximately 7.6% of the Group's total turnover for the year. The Cambodia factory had established 3 production and additional 2 assembly lines and has become a growth driver registering approximately 7.6% growth in revenue. Upon full operation of the new facilities in Jiangxi and Cambodia, total annual capacity will reach about 25 million pairs by year. The solid order books of these two centers validate the Group's strategy of diversifying into lower-cost production locations.

Research and development is a key strength which supports the Group's customized production capacities. This niche, coupled with management's experience and insights in understanding the complex market environment, has translated into a strong capability to develop a diversified range of products to achieve business progress. Despite the uncertainties in the US and European markets, the Group recorded order growth on its portfolio of premium products designed with features to help clients drive demand.

After expansion of the research and development center in the Vietnam factory, this production base achieved year-on-year order growth of approximately 23.2% in terms of number of pairs produced.

Considering the comparatively stable cost environment of the production base in Vietnam and Cambodia, the Group may consider to further focus its future development on the basis of this production hub.

Regarding the production facilities in the southern PRC, owing to the shortage of experienced skilled labor, their total output in terms of pairs dropped approximately 6% year on year. The continued increase in basic wages also led to the outsourcing of certain subcontracting works during the year which increased to approximately 2.7% (2011: approximately 1.6%) of the total turnover, further exerting pressure on the Group's margin. In view of the change in the PRC's operating environment, the Group will seek to further diversity geographically and may explore potential strategic partnerships that could create added value and synergistic benefits to the core business.

Major customers during the year included *Clarks*, *Skechers*, *Stride Rite*, *New Balance* and *Timberland* which in aggregate contributed approximately 83.9% (2011: approximately 89.2%) of the Group's total turnover.

Retailing Business

Under the Group's long-term diversification strategy, it has developed a retail business under the house brand of *Fiona's Prince*, a trendy line of infant and baby shoes. This retailing unit successfully established a foothold in the PRC's retail scene in 2010, with the first advances in Beijing and Shanghai. In the same year, the *Mocca* business unit which carries ladies' shoes and bags was scaled down on consideration that more resources should be placed into the development of *Fiona's Prince*. Fitting better into the Group's manufacturing capabilities in the children's category, *Fiona's Prince* is expected to enjoy more synergistic advantages.

Although the business unit was still making a loss of approximately HK$25.5 million (2011: approximately HK$37.9 million) as a result of the high rental expenses in Hong Kong, the Group expects to achieve a strong growth in the sales of *Fiona's Prince* in the PRC in the coming year. As at the year end date, the unit maintained a total of 4 *Fiona's Prince* shops in Hong Kong, 1 shop in Macau and 21 shops in the PRC.

The unit has brought in new business partners for the further development of its retail network and to achieve win/win through market alliance. During the year, the Group has reached an agreement with an Italian brand, namely *Miss Blumarine*, to open a shop in Hong Kong in early April 2012 to feature a new series of infant and children's footwear. Management considers that the alliance with prestigious international partners will help the Group gain exposure in different market segments in the PRC. The Group will also benefit from the experience obtained for its near-term penetration into the PRC market. Further discussions are being engaged in with other well-known international brands for collaboration opportunities.

The Group maintains confidence in the development of the retail unit into one of its major income and returns contributors in future. It will not, however, derail the Group from its longstanding prudent financial management policy. The Group will continue to be a risk-averse company while it cautiously moves ahead with its business plans.

FUTURE PLANS AND PROSPECTS

Looking ahead, the economic outlook remains uncertain. Failure to solve the debt crisis of the European countries in a timely manner would inevitably affect the global economy. To cope with a number of market risks, the Group will prudently monitor and analyze market trends, step up risk management, and formulate and put into practice development strategies taking a pragmatic and cautious approach, so as to capture the valuable opportunities arising from the steady economic development of China.

However, we expect that growing recognition of the quality of our products and our strong productivity-enhancing measures, as well as our strong relationship with our global partners will help defend us from the impact of further pressures on our overall performance.

Profitability, however, is difficult to predict as we expect to face stronger headwinds from rising costs. The cost of materials may rise further as commodity prices remain high and volatile. Wages in China are forecast to continue its upward trend, while the appreciation of the Renminbi is likely to stabilize in the coming year.

The Group will continue to exercise tight cost control and improve our productivity, striving to minimize the impact of these factors on our margins. Programs are also in place to speed up the automation of and re-engineer our production processes to gain further cost savings. In addition, we have taken appropriate actions to pass certain cost increases on to our customers.

Going forward, although the economic climate is still uncertain, we are cautiously optimistic that the Group will deliver growth in the financial year 2012/13. This will be achieved through pursuing our strategy of further gains in market share, capacity expansion through specialized manufacturing hubs, and operational excellence.

Stable order pipeline despite global uncertainty

We expect demand for our customized footwear products to remain stable throughout the coming year, even as some clients may scale back orders in the face of ongoing economic uncertainty in Europe and the US.

We will continue to build a resilient performance through quality, productivity and client relationship enhancements.

Continued capacity expansion and reorganization of facilities into specialized hubs

The Group will continue to work towards our long-term goal of building a robust production base consisting of three specialized hubs to serve different client and market requirements.

In the coming year, the Group will continue upgrading our manufacturing capacity and capabilities in Vietnam and Cambodia, while also shifting and expanding manufacturing capacity to our new Jiangxi facility. With wage and input cost inflation likely to remain a long-term challenge, this ongoing strategy will enable the Group to better optimize our manufacturing operations, control costs and secure a stable labor supply.

In addition, we will continue to re-engineer production processes to achieve greater efficiencies and to seek productivity gains through increasing automation.

To further expand our manufacturing operations and lower input costs, the Group is also prudently exploring several options, including buying out suitable acquisition targets.

Enhanced production capabilities

In view of the current global economic environment, the Group is focused on maintaining strict operational and financial discipline to successfully execute its business strategy.

While remaining prudent, the Group is committed to the continual expansion of its production capacity in line with demand. Continual enhancement of product offerings through research and development as well as production efficiencies through automation and staff training will also be an ongoing mission.

To uphold our core competences, the Group will constantly strengthen our ability to meet the specialized needs of our customers and maintain the quality and craftsmanship of our products. We will consider investing further in our outsole capabilities in our Cambodia factory over the coming year in order to better collaborate with our partners and create additional value for them.

The Board will update the shareholders on the progress when appropriate.

Continual expansion of retail sales

Fiona's Prince is currently the retail unit's major brand carrying a line of contemporary and lifestyle babies' and children's footwear, with prices ranging from RMB500 to RMB1,200 a pair.

The business plan of the unit will begin with a brand building program to lay down the foundation for future rollouts. Marketing efforts will be targeted towards the mainland babies and children sector where the Group enjoys an advantage based on its initial success in building customer recognition. Retail network expansion will follow to leverage on the marketing effort.

With continued solid economic growth anticipated for the coming year, China will remain the primary focus for our retail business expansion in 2012/13. As more and more citizens join the ranks of middle-to-upper class consumers, growing demand for affordable luxury babies' and children's footwear is creating room for growth for *Fiona's Prince*.

We will continue to pursue growth through store and space expansions, increasing same-store sales, and by broadening our product base in order to enhance *Fiona's Prince's* overall revenue mix. The Group will also continue to prudently capture any opportunities, including through joint ventures, to introduce more brand names to our retail portfolio.

As part of our ongoing store expansion strategy, the Group plans to maintain a full year target of 5 *Fiona's Prince* stores in Hong Kong and Macau, and to open 70 stores in the PRC by the end of 2013.

Globally, we expect further expansion of *Fiona's Prince* sales via online retailers, as we increase our focus on these channels. To this end, advertising efforts have begun to be placed on online media.

Expanding retail portfolio

The Group will prudently expand its portfolio of brands under a multi-brand strategy. Appropriate marketing and promotional activities will be carried out to help unleash the potential value of the Group's existing brands. At the same time, the Group will continue to look out for new, innovative brands that fit well into our expansion strategy.

Miss Blumarine, a new retail label for babies' and children's fashion, is the latest addition to the Group's portfolio under a partnership agreement. The partnership will capitalize on the know-how of our retail team to tap China's vast demand for different types of footwear products. This new label will target the growing market in Hong Kong and China for affordable luxury footwear for babies and children which crosses over between fashion and shoes. The brand's first store was established in Hong Kong in early April 2012.

Establishment of headquarters and reorganization of retail business in the PRC

The retail unit's growth agenda includes organic growth through store openings, space expansions and increase of same-store sales. In addition, the unit has been approached by certain franchisees seeking co-operation opportunities. It is also considering to develop a more diversified product portfolio that supports the premium image of its brands.

To accommodate the long-term development needs of the retail unit, the Group has acquired office premises in Shanghai, which will function as the headquarters of its operations in eastern China.

A reorganization of the retail business has also been conducted since the beginning of the year, resulting in significant reductions in the unit's operating costs. The Group will continue to strictly control operating costs, and to adjust its product portfolio to expedite earnings contribution from the retail business.

Going forward, our retail business will have an increasingly important role to play in the Group's overall development.

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 2012, the Group's cash and cash equivalents were approximately HK$475 million (2011: approximately HK$530 million).

The Group is substantially debt-free. As at 31 March 2012, the Group had banking facilities amounted to an aggregate sum of approximately HK$119 million (2011: approximately HK$196 million) with various banks. Out of the trade and overdraft banking facilities of approximately HK$119 million (2011: approximately HK$196 million) in Hong Kong had been granted to the Group, approximately HK$8 million (2011: approximately HK$2 million) had been utilized as at 31 March 2012.

For the year ended 31 March 2012, the current ratio was approximately 2.01 (2011: approximately 2.33) based on current assets of approximately HK$865 million and current liabilities of approximately HK$432 million and the quick ratio was approximately 1.52 (2011: approximately 1.87).

As at 31 March 2012, 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 Hong Kong Inter-Bank Offered Rate, the 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$980 million as at 31 March 2012 (2011: approximately HK$950 million). As at 31 March 2012, the Group did not have any interest-bearing bank borrowings (2011: nil), resulting nil% (2011: nil%) of the shareholders equity.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased and cancelled 5,130,000 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$6,473,000 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	Aggregate consideration (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
July 2011	882,000	1.54	1.48	1,331
August 2011	714,000	1.40	1.26	946
September 2011	1,208,000	1.42	1.18	1,599
October 2011	1,056,000	1.24	1.13	1,242
November 2011	120,000	1.11	1.05	129
January 2012	640,000	1.01	0.95	625
February 2012	360,000	1.23	1.08	420
March 2012	150,000	1.21	1.20	181
Total	5,130,000			6,473

The premium paid on the repurchase of the shares of approximately HK$5,960,000 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 2012. 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 2012 in compliance with the Corporate Governance Code (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 consolidated results for the year ended 31 March 2012 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 2012.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2012 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 2012 containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
Chen Ming Hsiung, Mickey
Chairman

Hong Kong, 28 June 2012

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. Yung Tse Kwong, Steven and Ms. Chan Mei Bo, Mabel.

* *for identification purpose only*