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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 2015

FINANCIAL HIGHLIGHTS

	2015	2014	Change
	HK$'000	*HK$'000*	
Revenue	**2,378,003**	1,922,803	+23.7%
Gross profit	**345,380**	290,399	+18.9%
Gross profit margin	**14.5%**	15.1%	-0.6 points
Profit for the year attributable to equity holders of the Company	**92,480**	67,592	+36.8%
Net profit margin	**3.9%**	3.5%	+0.4 points
	HK cents	*HK cents*	
Basic earnings per share	**13.41**	9.80	+36.8%
Diluted earnings per share	**13.37**	9.71	+37.7%
	HK cents	*HK cents*	
Interim dividend per share	**2.80**	3.30	
Final dividend per share	**4.20**	2.20	
Special dividend per share	**2.00**	1.00	
Total dividends per share for the year	**9.00**	6.50	+38.5%

- Cash and cash equivalents of approximately HK$436 million

* *For identification purposes only*

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 2015, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
REVENUE	*3*	**2,378,003**	1,922,803
Cost of sales		**(2,032,623)**	(1,632,404)
Gross profit		**345,380**	290,399
Other income and gains, net		**12,711**	29,576
Distribution and selling expenses		**(92,673)**	(88,453)
Administrative expenses		**(163,231)**	(150,402)
Finance costs	*4*	**(20)**	(13)
PROFIT BEFORE TAX	*5*	**102,167**	81,107
Income tax expense	*6*	**(12,853)**	(13,515)
PROFIT FOR THE YEAR		**89,314**	67,592
Attributable to:			
Equity holders of the Company		**92,480**	67,592
Non-controlling interests		**(3,166)**	–
		89,314	67,592
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK13.41 cents**	HK9.80 cents
Diluted		**HK13.37 cents**	HK9.71 cents

Details of the dividends are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**89,314**	67,592
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment revaluation reserve:		
Changes in fair value	**879**	(909)
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	**(768)**	–
	111	(909)
Exchange differences on translation of foreign operations	**117**	4,985
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**228**	4,076
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**228**	4,076
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**89,542**	71,668
Attributable to:		
Equity holders of the Company	**92,708**	71,668
Non-controlling interests	**(3,166)**	–
	89,542	71,668

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**522,949**	453,019
Prepaid land lease payments		**78,159**	55,321
Investment properties		**115,692**	110,694
Deposits		**24,793**	21,625
Investments in club memberships		**906**	925
Available-for-sale investments		**892**	1,490
Total non-current assets		**743,391**	643,074
CURRENT ASSETS			
Inventories		**320,800**	249,212
Accounts and bills receivable	9	**240,773**	245,573
Prepayments, deposits and other receivables		**15,799**	15,051
Derivative financial instruments		**–**	1,072
Tax recoverable		**162**	801
Restricted bank balance		**1,695**	2,044
Cash and cash equivalents		**436,407**	423,871
Total current assets		**1,015,636**	937,624
CURRENT LIABILITIES			
Accounts and bills payable	10	**269,544**	191,940
Accrued liabilities and other payables		**173,805**	156,538
Tax payable		**176,321**	163,857
Due to non-controlling interests		**1,334**	4,855
Derivative financial instruments		**1,277**	2,215
Total current liabilities		**622,281**	519,405
NET CURRENT ASSETS		**393,355**	418,219
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,136,746**	1,061,293
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**20,228**	18,942
Net assets		**1,116,518**	1,042,351

	Notes	**2015**	2014
		HK$'000	*HK$'000*
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**68,849**	68,719
Reserves		**1,028,334**	973,632
		1,097,183	1,042,351
Non-controlling interests		**19,335**	–
Total equity		**1,116,518**	1,042,351

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, which because the Company has not early adopted the revised Rules Governing the Listing of Securities (the "Listing Rules") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). 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 POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

The adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

2.2 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

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 gains, net and unallocated expenses are excluded from the 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, results and certain assets, liabilities and expenditure information for the Group's operating segments for the years ended 31 March 2015 and 2014.

	Manufacturing and sale of footwear products		**Retailing and wholesaling business**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**2,326,399**	1,868,663	**51,604**	54,140	**2,378,003**	1,922,803
Intersegment sales	**8,558**	8,096	**–**	–	**8,558**	8,096
Other income	**7,291**	6,828	**–**	–	**7,291**	6,828
Total	**2,342,248**	1,883,587	**51,604**	54,140	**2,393,852**	1,937,727
Elimination of intersegment sales					**(8,558)**	(8,096)
Total					**2,385,294**	1,929,631
Segment results	**128,593**	115,257	**(22,901)**	(28,258)	**105,692**	86,999
Unallocated income and gains, net					**2,284**	2,114
Interest income					**7,696**	8,755
Unallocated expenses					**(13,485)**	(16,748)
Finance costs					**(20)**	(13)
Profit before tax					**102,167**	81,107
Income tax expense					**(12,853)**	(13,515)
Profit for the year					**89,314**	67,592
Assets and liabilities						
Segment assets	**1,214,193**	1,034,554	**27,623**	35,051	**1,241,816**	1,069,605
Unallocated assets					**517,211**	511,093
Total assets					**1,759,027**	1,580,698
Segment liabilities	**438,718**	345,429	**2,804**	4,817	**441,522**	350,246
Unallocated liabilities					**200,987**	188,101
Total liabilities					**642,509**	538,347

	Manufacturing and sale of footwear products		Retailing and wholesaling business		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Depreciation:						
Segment	**53,145**	40,916	**1,797**	3,968	**54,942**	44,884
Unallocated					**4,297**	4,282
					59,239	49,166
Amortisation of prepaid land lease payments:						
Segment	**2,050**	1,741	**–**	–	**2,050**	1,741
Unallocated					**–**	–
					2,050	1,741
Capital expenditure:						
Segment	**127,272**	91,905	**1,673**	2,482	**128,945**	94,387
Unallocated					**–**	160
					128,945	94,547
Impairment of property, plant and equipment:						
Segment	**8,632**	–	**1,190**	–	**9,822**	–
Unallocated					**–**	–
					9,822	–
Fair value gains on revaluation of investment properties:						
Segment	**(4,091)**	(15,298)	**–**	–	**(4,091)**	(15,298)
Unallocated					**–**	–
					(4,091)	(15,298)

Geographical information

(a) Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
The United States of America	**737,701**	806,888
Europe	**756,778**	622,639
Asia	**663,680**	356,864
Others	**219,844**	136,412
	2,378,003	1,922,803

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

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

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**30,313**	33,005
Mainland China	**365,898**	396,706
Cambodia	**112,723**	90,951
Vietnam	**230,172**	119,171
Others	**2,487**	826
	741,593	640,659

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

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 2015 and 2014 are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**705,489**	397,139
Customer B	**439,249**	365,399
Customer C	**385,823**	428,282
Customer D	**256,778**	N/A*
Customer E	**247,496**	N/A*
Customer F	**N/A***	254,924
	2,034,835	1,445,744

The above amounts include sales to a group of entities which are known to be under common control with these customers.

* Sales to these customers during the year ended 31 March 2015 and 2014 amounted to less than 10% of the total revenue of the Group other than those disclosed on the above table.

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**20**	13

5. PROFIT BEFORE TAX

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

	2015 *HK$'000*	2014 *HK$'000*
Cost of inventories sold	**1,242,063**	1,026,477
Depreciation	**59,239**	49,166
Amortisation of prepaid land lease payments	**2,050**	1,741
Amortisation of a club membership	**19**	16
Fair value gains on derivative financial instruments	**(1,382)**	(767)
Fair value gains on revaluation of investment properties	**(4,091)**	(15,298)
Impairment of property, plant and equipment	**9,822**	–
Bank interest income	**(5,807)**	(6,770)
Interest income from accounts receivable	**(1,889)**	(1,985)
Dividend income	**(54)**	(34)
Rental income on investment properties less direct operating expenses of HK$1,304,000 (2014: HK$1,228,000)	**(5,987)**	(5,600)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015 *HK$'000*	2014 *HK$'000*
Current – Hong Kong		
Charge for the year	**425**	614
Current – Elsewhere		
Charge for the year	**22,998**	16,734
Overprovision in prior years	**(11,703)**	(7,696)
Deferred	**1,133**	3,863
Total tax charge for the year	**12,853**	13,515

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2014: 16.5%), the Vietnam Corporate Tax rates of 15% to 22% (2014: 15% to 25%), the Cambodia Corporate Tax rate of 20% (2014: 20%), the Taiwan Corporate Tax rate of 17% (2014: 17%), the Corporate Income Tax rate in Mainland China of 25% (2014: 25%) and the respective tax holidays granted to the subsidiaries of the Group in Vietnam and Cambodia.

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$92,480,000 (2014: HK$67,592,000), and the weighted average number of ordinary shares of 689,661,585 (2014: 689,525,223) 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$92,480,000 (2014: HK$67,592,000) and 691,826,245 (2014: 695,931,719) ordinary shares, being the weighted average number of ordinary shares in issue during the year, adjusted for the effects of the potentially dilutive 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:

	2015	2014
Weighted average number of ordinary shares used in calculating the basic earnings per share	**689,661,585**	689,525,223
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all dilutive options in issue during the year	**2,164,660**	6,406,496
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**691,826,245**	695,931,719

8. DIVIDENDS

	2015 ***HK$'000***	2014 *HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2014 – HK2.2 cents per ordinary share (2014: final dividend of HK5.0 cents per ordinary share, in respect of the financial year ended 31 March 2013)	**15,201**	34,505
Special in respect of the financial year ended 31 March 2014 – HK1.0 cent per ordinary share (2014: special dividend of HK2.0 cents per ordinary share, in respect of the financial year ended 31 March 2013)	**6,910**	13,802
Interim – HK2.8 cents (2014: HK3.3 cents) per ordinary share	**19,285**	22,810
	41,396	71,117
Proposed final dividend HK4.2 cents (2014: HK2.2 cents) per ordinary share	**28,928**	15,210
Proposed special dividend HK2.0 cents (2014: HK1.0 cent) per ordinary share	**13,775**	6,914
	42,703	22,124

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 minimize credit risk. 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:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**239,066**	243,738
Between 91 and 180 days	**1,340**	1,731
Between 181 and 365 days	**261**	104
Over 365 days	**106**	–
	240,773	245,573

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:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**265,681**	173,561
Between 91 and 180 days	**2,146**	16,490
Between 181 and 365 days	**830**	1,037
Over 365 days	**887**	852
	269,544	191,940

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 HK4.2 cents per share and a special dividend of HK2.0 cents per share. Together with the interim dividend of HK2.8 cents per share, the Group has delivered a total dividend for the year of HK9.0 cents per ordinary share, an increase of approximately 38.5% over the previous financial year.

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 Friday, 28 August 2015. The payment of final and special dividends will be payable on or about Friday, 25 September 2015.

In addition to dividend payments, during the course of the financial year, the Company repurchased and cancelled 4,604,000 of its ordinary shares at prices ranging from HK$1.24 to HK$1.47 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 Wednesday, 26 August 2015 to Friday, 28 August 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 25 August 2015.

(b) Entitlement to the proposed final and special dividends

The record date for entitlement to the proposed final and special dividends is Tuesday, 8 September 2015. The register of members of the Company will be closed from Friday, 4 September 2015 to Tuesday, 8 September 2015, 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 Thursday, 3 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group has ended the fiscal year with an encouraging financial performance. This set of satisfactory results reflects the manufacturing segment's efforts to improve and capture efficiencies from the production base in Southeast Asia, which has been expanded to outweigh the scaled-down operation in the PRC. The retail segment was also able to contain its loss amidst subdued consumption sentiments in the PRC.

The Group is delighted to report another record turnover on the back of demand-driven capacity expansion. During the year ended 31 March 2015, turnover increased approximately 23.7% year on year to HK$2,378 million (2014: approximately HK$1,923 million). This turnover growth was accounted for by an approximately 4.6% rise in the average selling price ("ASP") and an approximately 18.5% increase in business volume (pairs).

Material prices stabilized in general, with some commodity items showing a slight price drop, helped further by reduced material usage in the production centers in southern Vietnam and Cambodia as the operation of these facilities matured further.

On the other hand, labor costs in the People's Republic of China (the "PRC") were driven to even higher levels by additional social security requirements and employee benefits. Salaries for the workforce in southern Vietnam were also on a mild uptrend. Salaries and wages, including benefits and allowances, increased by approximately 30.8% and approximately 15.9%, in the PRC and Vietnam respectively during the year. Total labor and salaries for the manufacturing segment, including allowances and other benefits, increased approximately 33.9% to account for approximately 28.0% (2014: approximately 26.1%) of cost of sales, or approximately 24.2% (2014: approximately 22.5%) of the total manufacturing turnover.

Subcontracting charges increased to approximately HK$105 million (2014: approximately HK$74 million), or approximately 4.4% (2014: approximately 3.9%) of turnover, owing to strong growth of orders from certain customers.

As a result of impairment on certain old facilities, as well as the relocation of certain manufacturing operations from the PRC to southern Vietnam and the subsequent scaling down of PRC facilities in Jiangxi, impairment was made during the year.

Having taken into account of the impairment loss on old facilities of approximately HK$9.8 million (2014: nil), as well as a gain on fair value changes of investment properties in the PRC and Renminbi ("RMB")-denominated derivative financial instruments of approximately HK$1.38 million (2014: gain of approximately HK$0.77 million), net profit attributable to the equity holders of the Company increased by approximately 36.8% to approximately HK$92 million (2014: approximately HK$68 million).

Earnings per share for the year increased by approximately 36.8% year on year to approximately HK13.41 cents (2014: approximately HK9.80 cents). In anticipation of ongoing strong cash generation from the manufacturing segment and the Group's 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 HK4.2 cents (2014: HK2.2 cents) and HK2.0 cents (2014: HK1.0 cent) respectively, which together with the interim dividend of HK2.8 cents (2014: HK3.3 cents), represents a payout ratio of approximately 67.1% (2014: approximately 66.3%).

Healthy financial ratios were maintained during the year:

- Debtors' turnover was reduced from 46 days for the year ended 31 March 2014 to 37 days for the year ended 31 March 2015;

- Stock turnover increased from 77 days to 84 days as a result of facilities expansion;

- Strong liquidity with net cash in hand of approximately HK$436 million (2014: approximately HK$424 million) as at 31 March 2015;

- Quick ratio changed from 1.33 as at 31 March 2014 to 1.12 as at 31 March 2015.

Operational Review

Operating amidst moderate global economic growth, the Group has utilized its core strengths and leadership position in niche research-and-development-based manufacturing to match customers' growth initiatives. Expansion and geographical adjustment of manufacturing activities in response to customers' business needs were the main drivers behind the year's turnover growth.

In the face of surging rental and other operating costs, the retail segment has also taken steps to streamline its network and operations.

Manufacturing Business

As at the year-end date, the Group's facilities, each located and designed to accommodate different product development and manufacturing requirements, had a total of 44 production lines: 20 in southern Vietnam, 10 in Cambodia, and 14 in the PRC, comprising 6 in Zhongshan, 6 in Zhuhai and 2 in Jiangxi Province. These facilities, aggregating to an annual capacity of around 25 million pairs, were approximately 85% utilized (2014: approximately 80%). Research and development ("R&D") centers have been added to southern Vietnam and Cambodia for certain customers to supplement the product development activities in the PRC. Two outsole factories are also in operation in southern Vietnam and Cambodia.

Southeast Asia grew further in its contribution to the Group's output. The southern Vietnam production center was ramped up to full operation to cater to customer orders to meet fast-growing Asian market demands. The further maturity of this center's production lines has also contributed to higher efficiency and thus higher output. The commissioning of first-phase facilities in central Vietnam will add further momentum to this production base. During the year, Vietnam contributed approximately 56.3% of total production (2014: approximately 48.0%) in terms of pairs of footwear, an increase of approximately 8.3% year on year. Cambodia has also expanded and matured further, producing approximately 12.5% of total output (2014: approximately 11.5%).

The facilities in the PRC were restructured to cater to footwear production in smaller batch sizes and with shorter delivery lead time. Output from the PRC center accounted for approximately 31.2% of total volume (2014: approximately 40.5%) during the year.

The geographical market mix shifted further to Asia. For the manufacturing segment, turnover contribution of both the United States (the "US") and European markets dropped to approximately 31.7% (2014: approximately 43.2%) and 32.5% (2014: approximately 33.3%). Growth markets including the PRC, South Korea, Australia and Russia drove the contribution of other markets to approximately 35.8% (2014: approximately 23.5%).

Ath-leisure and premium casual footwear continued to be in fashion and a core product category for the Group, accounting for approximately 54.9% of turnover (2014: approximately 51.6%), while babies' and children's footwear and rugged products generated approximately 34.2% (2014: approximately 40.7)%) and 10.9% (2014: approximately 7.7%) of turnover respectively. The Group's multi-location production platform has enabled it to arrange production flexibly in response to product trends and customer preferences.

Major customers for the year included *New Balance, Clarks, Skechers, Asics and Wolverine*, which in aggregate contributed approximately 85.6% (2014: approximately 82.4%) of total turnover. The Southeast Asian facilities are dedicated to serving those high-growth brand customers which require superior design and customized services to explore and further penetration of markets with quality products.

In view of the strong demand for output from the Vietnam and Cambodia centers, the Group has expedited the plan to extend the current factory site in southern Vietnam by obtaining the land use rights of an adjacent land parcel. On 30 April 2015, the Group also entered into a letter of offer for leasing another plot of land within Vietnam Singapore Industrial Park II in Ho Chi Minh City, southern Vietnam.

In central Vietnam, the first phase of the new facilities currently houses 4-6 production lines with more to be added upon maturity of these new lines. Second-phase development works were embarked on in May 2015 in response to customers' demand for new capacities.

The operation for outsole production commenced in Cambodia during the year, furthering the Group's capability of providing tailored services to customers. Another outsole factory also started operation in Vietnam in September 2014. R&D centers were also established in southern Vietnam and Cambodia.

Manufacturing facilities, supported by R&D centers and outsole factories, form a one-stop service production hub for customers looking for quality products, on-time delivery and reasonable prices. Customers were also drawn to the Southeast Asian production centers to capture the business potential of the anticipated implementation of the Trans-Pacific Partnership. Confident of the ongoing development of its Southeast Asian operations, the Group will continue to explore other strategic partnership opportunities to add further value for its existing and potential customers.

For the year ended 31 March 2015, for the manufacturing segment, the Group also received gross rental income of approximately HK$7,291,000 (2014: HK$6,828,000) mainly for the leasing of part of the existing manufacturing plant located in Zhuhai, the PRC, to independent third parties under operating leases arrangements. Fair value gains on revaluation of these investment properties of approximately HK$4,091,000 (2014: HK$15,298,000) were recorded for the year under review.

Retailing Business

The retail business was set up as a part of the Group's long-term diversification strategy. Its operations mainly comprise the retailing of babies' and children's footwear and other products under its house brand *Fiona's Prince*.

Facing a generally lackluster consumer market in the PRC and operating on a downsized network, the retail unit was able to achieve a largely stable turnover with a slight drop of approximately 4.7% to approximately HK$51,604,000 (2014: approximately HK$54,140,000).

In a move to optimize the segment's retail network in the PRC and Hong Kong, the Group continued to review and adjust the locations of its stores. Following the closure of underperforming shops, the network comprised 30 shops (2014: 46) in the PRC and 5 (2014: 4) in Hong Kong, aggregating to a total of 35 shops (2014: 50) as at 31 March 2015.

Despite a reduced retail scale, the network enhancement program has yielded an approximately 20.7% increase in same-store sales in the PRC, where consumption has been subdued over the past year. In Hong Kong, same-store sales showed a decline of approximately 13.8% as a result of the political events and anti-tourist activities within the year.

The introduction of prestigious international brands to the unit's network under partnership arrangements has helped expand the range of products carried in the retail points, and has enhanced the network's overall image. Together with online sales, which are poised to benefit from the PRC's growing trend for e-commerce, the segment has all the necessary components in place to sustain solid brand development.

Owing to a modification of the unit's pricing strategy, and as a result of impairment of HK$7.9 million on certain slow-moving inventories, the gross profit margin for the retail segment decreased to approximately 56.8% from 66.1% a year earlier. Nevertheless, with ongoing cost-control efforts, the segment was able to reduce its loss incurred.

The business incurred a loss of approximately HK$22.9 million (2014: approximately HK$28.3 million). Management will continue to exercise prudence in the further development of this business unit, but is confident of its potential to contribute a stable source of income to the Group in future. Together with a growing trend for online sales, the segment is confident of its long-term development.

Outlook

As a leader in footwear manufacturing, the Group continues to pursue sustainable development by taking a prudent approach to business planning and adopting a flexible multi-country production base strategy.

The emergence of new opportunities also brings new challenges. The Group therefore copes with market changes by implementing its development strategies in a pragmatic and prudent approach.

High labor costs and an aging labor force will continue to drag down the market share of other manufacturers. This trend will further strengthen our competitiveness in the market, which will also be supported by the anticipated ratification of the Trans-Pacific Partnership, expected to greatly reduce entry barriers to the US, particularly for our footwear products manufactured in Vietnam. With competitive pricing and flexible production, delivering short lead times and smaller batch sizes, the Group continues to compete favorably with other producers.

Manufacturing Business

Short-term goal – Improving operating efficiency and strengthening production capability

All manufacturing players in the PRC will inevitably have to tackle an increasingly difficult production environment of rising labor and welfare costs. As it faces this huge challenge, the Group has been putting efforts into improving operating efficiency and strengthening production capability. It will also continue to implement strict cost control measures in the year ahead to preserve margins and sustain growth.

The Group believes that the current tough operating environment presents a window of opportunity for enterprises possessing a leading competitive edge to seize more market share as industry consolidation continues.

Mid-to-long term goals – Infrastructure and long-term development

In view of the inexorable rise in labor and other operating costs in the PRC, the Group's strategy has been to scale down its operations there, while exploring acquisition opportunities to expand production facilities in the neighborhood of its existing southern Vietnam plant.

To this end, in February 2015, the Group entered into an agreement to acquire leasehold land to extend the factory site in southern Vietnam by obtaining the land use rights of an adjacent land parcel. The acquisition is expected to be completed in the second quarter of 2015, providing flexibility to build new infrastructure with potential to further increase the production capacity in southern Vietnam.

Moreover, on 30 April 2015, the Group has accepted an offer for the lease of land within Vietnam Singapore Industrial Park II in Ho Chi Minh City, southern Vietnam, which will be used for the development of additional footwear production facilities.

At the same time, one of our key initiatives in the next three to five years is to set up new production facilities in central Vietnam. We have identified a site in an industrial zone in Quang Ngai, for this purpose. In the second quarter of 2015, the first phase of this new production center was set up for trial running.

We target to commence mass production in central Vietnam in the third quarter of 2015, adding new capacities to complement our existing facilities in the south. The central Vietnam plant is well placed to provide our customers in the region with a highly compelling fulfillment proposition.

The Vietnam facilities will enable brand owners to import finished products into European countries on a duty-free basis and to diversify their sourcing base. With additional production facilities in central Vietnam, the Group can further enhance its competitiveness.

In addition to these organic growth initiatives, we will continue to evaluate potential acquisitions that can bring complementary technologies to the Group and strengthen our position in key markets. Management will remain prudent in its assessment of acquisition opportunities and will only pursue those investments where the prospects for adding long-term value to the Group are clear, and where the valuation of the business is not excessive.

Retailing Business

Steady growth of the retail business

The Group takes a prudent view of the retail market in the coming year. Domestic consumption is expected to become more rational while traditional department stores will be subject to the substantial impact of e-commerce. In Hong Kong, consumer sentiments remain sluggish while rental and labor costs as a proportion of distribution costs continue to be high, resulting in high operating costs and squeezed profitability for retail operators. It will be a greater challenge for the Group to sustain a high rate of same-store sales growth given the higher base following solid cumulative growth over the past few years. Nevertheless, in view of the strong market position of its brand in the mid- to high-end market, the Group believes that the retail segment will be able to achieve reasonably good performance despite lackluster market sentiments. The way forward is to uphold the principle of delivering "sophisticated styles with top quality" through product innovation.

The outlook for the retail segment remains challenging, with consumer sentiments likely to be constrained for some time by slowing economic growth in the PRC. Closure of underperforming stores has been ongoing in order to focus our resources on standalone stores in high-end locations.

Network optimization is also ongoing in Hong Kong, and efforts are put into the improvement of profitability of individual stores.

With an adjusted retail network, the Group can better control expenses and enhance overall operating efficiency.

We remain highly focused on improving the long-term profitability and competitiveness of the retail unit. While continuing to close low-yielding stores, we expect to modestly expand our retail network on a net basis in the coming financial year as more standalone stores in high-end shopping malls and exclusive locations are opened. Our priority now is to further the brand equity we have built among the PRC's upwardly mobile consumers so as to differentiate our brand from competitors and to preserve our price premium.

Apart from the furtherance of product development and brand building strategies, the Group will also put efforts into upgrading its internal system and data analysis tools.

The Group believes that the key to success lies in an achievable mission, a clear direction, high-caliber team members and quality products. With an aim of becoming an omni-channel brand operator, the Group will engage in unceasing brand building work while continuing to optimize its retail operations in the PRC and Hong Kong.

The unit aims to bring stable long-term returns for shareholders. Management will closely monitor its operations and refine the segment's business strategies as appropriate.

Overall

Looking forward, we are cautiously optimistic about the demand for our footwear products as economic recovery in the US and Europe appears increasingly sustainable. We expect to grow our business further in the coming year, especially in light of the better-than-expected economic rebound in the US in the second half of the year under review. We tentatively expect the pick-up in orders experienced in recent months to continue through to the year ahead, barring a sudden drop in consumer sentiments arising from existing geopolitical issues. We will continue to closely monitor any risks arising from such events in order to minimize their impact on our operations.

In addition to lingering conservatism among some customers, key risks and challenges for the Group continue to be labor costs and supply, notwithstanding the success we achieved during the year with capacity optimization and relocation.

The Group will adhere to its core values and develop its business in a prudent manner so as to achieve stable long-term growth. With its veteran management team and flexible and responsive mechanisms, the Group is confident of sustaining its competitive edges in an ever-changing market.

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 2015, the Group's cash and cash equivalents were approximately HK$436 million (2014: approximately HK$424 million).

The Group is substantially debt-free. As at 31 March 2015, the Group had banking facilities amounted to an aggregate sum of approximately HK$99 million (2014: approximately HK$99 million) with various banks. Out of the trade and overdraft banking facilities of approximately HK$99 million (2014: approximately HK$99 million) in Hong Kong being granted to the Group, approximately HK$3 million (2014: approximately HK$5 million) had been utilized as at 31 March 2015.

For the year ended 31 March 2015, the current ratio was approximately 1.63 (2014: approximately 1.81) based on current assets of approximately HK$1,016 million and current liabilities of approximately HK$622 million and the quick ratio was approximately 1.12 (2014: approximately 1.33).

As at 31 March 2015, 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 Vietnam and Cambodia 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 or the London Inter-Bank Offered Rate.

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimize the Group's financial risks. As a measure of additional prudence, the Group cautiously uses 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 flows 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$1,097 million as at 31 March 2015 (2014: approximately HK$1,042 million). As at 31 March 2015, the Group did not have any interest-bearing bank borrowings (2014: nil), resulting nil% (2014: nil%) of the shareholders equity.

EVENT AFTER THE REPORTING PERIOD

On 30 April 2015, the Group entered into a letter of offer with an independent third party to lease a parcel of land in Vietnam until 2058 at a cash consideration of US$5,000,000. The transaction was not completed as at the date of this announcement. Further details of the transaction were disclosed in the Company's announcements dated 30 April 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased and cancelled 4,604,000 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$6,422,000 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 2014	542,000	1.33	1.27	708
August 2014	878,000	1.47	1.37	1,253
September 2014	2,850,000	1.44	1.40	4,038
March 2015	334,000	1.28	1.24	423
Total	**4,604,000**			**6,422**

The premium paid on the repurchase of the shares of approximately HK$5,961,000 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 18,000 employees as at 31 March 2015. 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 and awarded shares may also be granted in accordance to the terms of the Group's approved share option scheme and share award scheme, respectively.

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 2015 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 reviewed with the management on the accounting principles and practices adopted by the Group, the Group's auditing, internal control and financial reporting matters and the consolidated results for the year ended 31 March 2015, and 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.

The Committee has also met with the external auditors of the Company, Messrs. Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

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 2015.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2015 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 2015 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, 26 June 2015

As at the date of this announcement, the four executive directors of the Company are Mr. CHEN Ming Hsiung, Mickey, Mdm. HUANG Hsiu Duan, Helen, Mr. KIMMEL Phillip Brian 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.