Walker Group
Holdings Limited

Incorporated in the Cayman Islands with limited liability
Stock code:1386

Annual Report 2009

Walker GROUP

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAN Mei Sheung (*Chairman)*
KIU Wai Ming
CHU Yin Man

Independent non-executive Directors

SZE Tsai Ping, Michael
Dr. FAN Yiu Kwan, *JP*
TSANG Link Carl, Brian

AUDIT COMMITTEE

SZE Tsai Ping, Michael *(Chairman)*
Dr. FAN Yiu Kwan, *JP*
TSANG Link Carl, Brian

REMUNERATION COMMITTEE

Dr. FAN Yiu Kwan, *JP (Chairman)*
CHAN Mei Sheung
SZE Tsai Ping, Michael
TSANG Link Carl, Brian

NOMINATION COMMITTEE

SZE Tsai Ping, Michael *(Chairman)*
Dr. FAN Yiu Kwan, *JP*
TSANG Link Carl, Brian

COMPANY SECRETARY

CHU Yin Man

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER

Baker & McKenzie

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor
Hope Sea Industrial Centre
26 Lam Hing Street
Kowloon Bay, Kowloon
Hong Kong

REGISTRAR IN HONG KONG

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTRAR IN THE CAYMAN ISLANDS

Bank of Bermuda (Cayman) Limited
P.O. Box 513, Strathvale House
North Church Street, George Town
Grand Cayman KY1-1106
Cayman Islands

COMPLIANCE ADVISER

Taifook Capital Limited

INTERNET ADDRESS

www.walkershop.com.hk

STOCK CODE

1386

Financial and Operational Highlights

	For the year ended 31 March				
	2009	2008	2007	2006	2005
FINANCIAL PERFORMANCE					
Turnover *(HK$'Million)*	**1,044**	930	689	529	466
Gross profit *(HK$'Million)*	**567**	550	446	337	274
Operating (loss)/profit *(HK$'Million)*	**(87)**	74	111	71	52
(Loss)/profit attributable to equity holders of the Company *(HK$'Million)*	**(89)**	95	83	54	39
Basic (losses)/earnings per share *(HK cents)*	**(14.4)**	16.1	18.4	N/A	N/A
KEY FINANCIAL INDICATORS					
Average inventory turnover *(days)*	**204**	179	188	172	139
Average debtors' turnover *(days)*	**36**	33	28	22	19
Average creditors' turnover *(days)*	**77**	82	100	79	62
Capital expenditure *(HK$'Million)*	**120**	35	44	12	31
KEY FINANCIAL INDICATORS					
Cash and cash equivalents *(HK$'Million)*	**178**	452	48	27	31
Bank loan *(HK$'Million)*	**23**	—	109	33	33
Equity attributable to equity holders of the Company *(HK$'Million)*	**690**	813	140	133	100
Current ratio *(times)*	**3.4**	6.8	1.2	1.4	1.2
Gearing ratio	**2.5%**	—	24.2%	10.7%	12.5%

Financial and Operational Highlights

Notes:

1. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances dividing by cost of sales and multiplied by 365 days.

2. The calculation of average debtors' turnover (days) is based on the average of opening and closing balances of trade receivables dividing by turnover and multiplied by 365 days.

3. The calculation of average creditors' turnover (days) is based on the average of opening and closing balances of trade payables dividing by cost of sales and multiplied by 365 days.

4. The calculation of current ratio (times) is based on the total current assets dividing by total current liabilities as at 31 March.

5. The calculation of gearing ratio (%) is based on the total bank loans dividing by total assets as at 31 March.

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board ("Board") of directors ("Directors"), I present to you the annual results of Walker Group Holdings Limited ("Company") and its subsidiaries (together the "Group") for the year ended 31 March 2009.

The fiscal year 2008/09 was tough and challenging for all businesses including the retail industry as a result of the global economic downturn. The Group's results were adversely affected by, inter alia, (1) the global financial crisis which affected customer spending; (2) high inventory costs resulted from purchase orders made with suppliers when oil prices and correspondingly the prices of oil related by-products and materials were high; and (3) bigger discounts were offered to customers.

For the year under review, turnover was mainly driven by the opening of new shops, the Group recorded a turnover of approximately HK$1,044 million (2008: HK$930 million), representing an increase of approximately 12.3% against last year. Gross profit was approximately HK$567 million (2008: HK$550 million), representing an increase of approximately 3.1% as compared with the previous year.

The Group manages an extensive sales network in the People's Republic of China ("PRC") and Hong Kong through its headquarters in Hong Kong and three PRC regional operational offices in Beijing, Shanghai and Shenzhen. The Group sees good prospect for sales in the Greater China Region. As at 31 March 2009, the Group had 667 self-managed sales points of which 591 were in 26 provinces in the PRC serving customers in over 92 cities including Guangzhou, Shenzhen, Wuhan, Hangzhou, Nanjing, Kunming, Chengdu, Xian, Shenyang and Harbin and four municipalities, namely, Beijing, Tianjin, Shanghai and Chongqing, 49 were in Hong Kong and 27 were in Taiwan. In addition, it had 71 concessions operated by franchisees in the PRC.

The Group does not own any production facilities. It engages a number of manufacturers in the PRC to produce the diverse range of footwear of its own and authorised brands. This strategy has enabled the Group to focus resources and effort on sales point management, product design, quality control for the diverse range of products, sales and marketing, and free business development from restriction by direct production concerns. The arrangement also allows the Group to secure product supply with the support of different capacities of manufacturers, minimise costs from selecting manufacturers who offer competitive prices and those having good quality assurance, and proximity to market trends. Facilitated by this operational mode, the Group has been able to expand its sales network effectively as well as guarantee adequate and timely supply of footwear products to all points-of-sale.

The product design and development team of the Group will continue to attend major fashion and footwear trade fairs and exhibitions to keep abreast of the latest fashion and footwear trends. The team will also continue to cooperate with the Group's manufacturers on applying new materials and technologies to enhance the quality and functions of footwear products.

Chairman's Statement *(Continued)*

PROSPECTS

The uncertain macroeconomic environment has posed challenges to all retailers. However, since March 2009, there have been signs of economic recovery in the PRC and that the domestic consumption in the PRC and Hong Kong are going to stay relatively steady.

Tapping the Potential of the China Retail Market — Expansion of Sales Network in the PRC and Hong Kong

To further enhance the Group's presence in the footwear market in the PRC and Hong Kong, the Group will continue to seek expansion of its sales network by setting up (i) franchised sales points in the PRC; and (ii) additional self-managed sales points in the PRC and Hong Kong. The Board is particularly confident of the prospects of the PRC market taking into account the steadily growing purchasing power of consumers in the PRC.

A breakdown of the Group's sales network is shown below, with comparative numbers in the previous year:

Sales Points	As at 31.3.2009		As at 31.3.2008		Increase/(Decrease)	
	Self-managed	Franchised	Self-managed	Franchised	Self-managed	Franchised
PRC	591	71	475	37	116	34
Hong Kong	49	—	58	—	(9)	—
Taiwan	27	—	—	7	27	(7)
	667	71	533	44	134	27

The Group intends to open a total of approximately 100 new sales points in the PRC, Hong Kong and Taiwan in the coming year.

Widening of Brand Portfolio — Development of ACUPUNCTURE

Seeing the potential in the ACUPUNCTURE brand, in October 2008, the Group acquired the entire issued share capital of Vervestone Limited ("Vervestone") at the aggregate consideration of approximately US$7.466 million in cash. Vervestone, through its wholly-owned subsidiary, holds the trademarks of "ACUPUNCTURE", originally a British footwear brand from London, in approximately 30 jurisdictions, including the United States, the European Community and other countries in Asia, North America and Latin America. In addition to the consideration, approximately £0.767 million was paid by the Group for settling the indebtedness of Vervestone and its subsidiaries upon completion of the acquisition ("Completion Liabilities"). For details, please refer to the announcement of the Company dated 14 October 2008 and the circular of the Company dated 31 October 2008.

Chairman's Statement *(Continued)*

The acquisition, which has allowed the Group to save licence fee expenses, will also enable it to diversify into licensing business and expand the brand to other markets. The acquisition has shown promising potential in helping the Group to broaden its customer base and revenue sources, which will in turn boost shareholder value of the Group. The Group has been operating 36 ACUPUNCTURE sales points in the PRC, Hong Kong and Taiwan subsequent to the balance sheet date.

As at the date of this report, the Group had signed wholesale distribution and licence agreements with a distributor in the Republic of Korea. The Board believes that the arrangement will bring more revenues from licence fees to the Group (subject to any commission payable by the Group to the relevant licensing agent(s)). However, the profitability of the Group for the coming year may be affected by increasing rent and salaries. Nevertheless, the Group will continue to look for growth opportunities in the retail market as well as explore potential brands for the purpose of enhancing its product portfolio.

Apply Outstanding Product Design and Development Capabilities to Strengthen Own Brands

The Group currently owns seven footwear brands, namely, ACUPUNCTURE, COUBER.G, FORLERIA, OXOX, TRU-NARI, ARTEMIS and WALACI and is dedicated to offering customers with premier footwear of exceptional designs and functions. It intends to invest more resources in product design and development for its own brands as well as the authorised brands. The product design and development team of the Group will continue to attend major fashion and footwear trade fairs and exhibitions to keep abreast of the latest fashion and footwear trends. The team will also continue to cooperate with the Group's manufacturers on applying new materials and technologies to enhance the quality and functions of the Group's products.

Opening of Mega Stores in the PRC

Riding on the success of the Group's first Walker One in Beijing launched in March 2008, the Group opened four mega stores in the PRC, one in Beijing, two in Shanghai and one in Zhengzhou during the year under review. The new stores are not only new sales points of the Group, but also represent direct presence of the Group in major cities to expand business and boost the image of its own and licensed brands in the country. The Walker Shop trading model — a one-stop-shop offering multi-brands and varieties of footwear for consumers of different ages and gender and tastes — boasts strong potential in bringing in increasing revenue to the Group.

Future Market Opportunities

To increase profitability, the Group will keep on developing brand businesses. As for ACUPUNCTURE products, we are very optimistic about their sales as demand for them has been growing rapidly among mass consumers in the PRC and Hong Kong. Taken all into account, we expect to reap optimum returns from different brands owned and managed by the Group.

Chairman's Statement *(Continued)*

Upgrading Management Information Systems to Enhance Operational Efficiency

To enhance operational efficiency, the Group is upgrading the management information systems used by its warehouses, shops and concessions in Hong Kong and expects to complete related work by September 2009. It plans to extend the systems to other cities in the PRC such as Beijing, Shanghai and Shenzhen in March 2010. The upgraded systems will enhance control on inventory and points of sales hence increase distribution efficiency and minimise working capital requirements. By centralising management of different operations, including sales and marketing, financial management and stock management in the PRC and Hong Kong, the Group will be able to run its business in a more cost effective way.

Sales, Marketing and Promotion

Marketing and promotional activities are crucial to boost brand awareness and sales of the Group's products. Thus, the Group has appointed the famous PRC actress Miss ZHANG Yu Yee（張雨綺）as the first spokesperson for Walker Shop and the local girl singer group Hotcha to represent OXOX. For the year ended 31 March 2009, the Group's expenditure on advertisement was approximately 2.4% of total revenue (2008: 2.4%). The Group believes that stable advertising expenditure will help strengthen the images and support growth of its different product brands in the long run. The Group will continue to mount advertising campaigns for its major own brands namely ACUPUNCTURE, COUBER.G, FORLERIA, OXOX, TRU-NARI, ARTEMIS and WALACI. In addition to placing advertisements in various media such as newspapers, magazines, television channels and outdoor avenues, the Group will seek to ride on celebrity endorsement to maximise exposure of its various brands.

LOOKING AHEAD

Looking forward, the Group will continue to strengthen its brand business aiming for profit growth. Although the PRC market is expected to grow at a slower rate, it is still going to report steady growth and present us with ample opportunities in the coming year. The Group believes the Chinese economy still has much room for development and will continue to advance on the path to prosperity. This will benefit the retail industry and therefore the Group which has growing presence and recognition over the last corresponding year. Supported by our expanding shop networks in different markets, we are optimistic about the long-term growth of our business. The Group intends to open approximately 100 sales points in the coming year.

To enlarge its share in the footwear market in Taiwan, the Group has entered into an agreement on 1 October 2008 with a Taiwan party to develop and expand sales of a diverse range of footwear, apparel and accessories. The Group has opened an ACUPUNCTURE flagship store in Taipei, the other in Kaohsiung, Taiwan and is selling ACUPUNCTURE products in 40 sales points through a wholesaler in the market. It plans to open approximately 3 new ACUPUNCTURE shops in Taiwan in coming year.

Chairman's Statement *(Continued)*

Finally, on behalf of the Board, I would like to thank the employees of the Group for their contribution and commitment to deliver the best service to our customers over the years. I look forward to working with all staff in striving for ever better performance of the Group in the future and delivering satisfactory rewards to the shareholders.

CHAN Mei Sheung
Chairman

15 July 2009

Management Discussion and Analysis

BUSINESS REVIEW

The Group designs and sells a diverse range of casual, smart casual and sports footwear in the PRC and Hong Kong. It operates two main streams of business:

1. sale of footwear products under seven own brands, namely ACUPUNCTURE, COUBER.G, FORLERIA, OXOX, TRU-NARI, ARTEMIS and WALACI; and

2. sale of footwear products of several international brands sourced from independent third parties.

As at 31 March 2009, the Group operated 667 self-managed sales points, of which 49 were in Hong Kong, 591 were in the PRC and 27 were in Taiwan, and 71 franchised concessions in the PRC.

The global economy was presented with unprecedented challenges in the second half of the year under review and the business of the Group was adversely affected as a result. However, while economies and industries around the world are suffering in the economic downturn, the PRC economy relatively speaking has not been hit as hard to the fortune of the Group's business.

Average daily sales of footwear products of the Group for the year ended 31 March 2009 were approximately 8,900 pairs (2008: 8,000 pairs) at the average selling price of approximately HK$310 (2008: HK$300). Same-store-sales decreased by approximately 6.6% (2008: increased by approximately 17.0%) and approximately 0.7% (2008: increased by approximately 5.8%) in the PRC and Hong Kong respectively for the year under review.

During the year under review, the Group derived its income from the PRC, Hong Kong, Taiwan and other markets which accounted for approximately 70.2%, 28.6%, 1% and 0.2% of its turnover respectively.

PRC

To combat the adverse impacts of the economic downturn on the country, in particular on its exports, the PRC government has increased spending and implemented measures to stimulate domestic demand and consumption. With these initiatives and strong fundamentals, the PRC economy and domestic consumption in the country are expected to stay stable. To capture demand in the market, the Group has been active in promoting its brands through frequent participation in promotional activities in department stores or shopping malls. During the year, the Group added 46 sales points for Walker Shop, 43 for Couber.G, 7 for Artemis, 12 for Acupuncture, 4 for OXOX and 4 Walker One Mega Stores, which brought the total number of self-managed sales points in the PRC to 591 as at 31 March 2009 (31 March 2008: 475). The total revenue derived in the PRC for the year amounted to approximately HK$732 million (2008: HK$573 million), an approximately 27.7% jump against the previous corresponding year.

Management Discussion and Analysis *(Continued)*

Hong Kong

As at 31 March 2009, the total number of sales points in Hong Kong was 49 (31 March 2008: 58). The Group also mounted various advertising campaigns during the year to increase exposure of its different brands. During the year under review, the total revenue generated in Hong Kong was approximately HK$298 million (2008: HK$347 million), a decrease of approximately 14.1%.

FINANCIAL REVIEW

Turnover

Turnover increased by approximately HK$114 million, or approximately 12.3%, from approximately HK$930 million for the year ended 31 March 2008 to approximately HK$1,044 million for the year ended 31 March 2009. The increase was mainly attributable to the increase in sales points in the PRC which generated an increase in turnover of approximately HK$159 million during the year. Higher discount sales were also offered compared to the corresponding year in 2008 to stimulate sales during the year. In addition, new exposure in Taiwan contributed an increase of approximately HK$11 million in turnover, whereas the turnover from Hong Kong declined by approximately HK$49 million.

The overall turnover of the Group for the year ended 31 March 2009 slightly increased against the previous corresponding year. Same-store-sales decreased by approximately 6.6% (2008: increased by approximately 17.0%) and approximately 0.7% (2008: increased by approximately 5.8%) in the PRC and Hong Kong respectively for the year.

Cost of sales

Cost of sales increased by approximately HK$96 million, from approximately HK$380 million for the last corresponding year to approximately HK$476 million for the year ended 31 March 2009, representing an increase of approximately 25.3%. As a percentage of total sales, cost of sales increased from approximately 40.8% for the year ended 31 March 2008 to approximately 45.6% for the year ended 31 March 2009 resulted from increase in costs of products as a result of fluctuation in crude oil price, higher provision for obsolete inventories from sluggish turnover, and higher payment of royalties for the year.

Gross profit

Driven by the increased cost of sales, the Group's gross profit slightly increased by approximately HK$17 million, from approximately HK$550 million for the year ended 31 March 2008 to approximately HK$567 million for the year ended 31 March 2009, representing an increase of approximately 3.1%, while gross profit margin decreased from approximately 59.2% for the year ended 31 March 2008 to approximately 54.4% for the year ended 31 March 2009.

Management Discussion and Analysis *(Continued)*

Operating expenses

Operating expenses increased by approximately HK$169 million, from approximately HK$486 million for the year ended 31 March 2008 to approximately HK$655 million for the year ended 31 March 2009, representing an increase of approximately 34.8%. The increase mainly reflected a rise of staff costs from approximately HK$134 million for the year ended 31 March 2008 to approximately HK$186 million for the year ended 31 March 2009 and rental expense up from approximately HK$235 million for the year ended 31 March 2008 to approximately HK$307 million for the year ended 31 March 2009. There was also an increase in other overheads by approximately HK$45 million, making up largely of an increase in depreciation of sales-point renovation expenditures and promotional expenses.

Investment loss

During the year under review, the Group had a fair value loss on financial assets in the income statement amounting to approximately HK$12 million on unlisted equity linked notes acquired at cost of approximately HK$50 million and a fair value loss in reserve of approximately HK$30 million on listed securities investment acquired at cost of approximately HK$55 million. As at 31 March 2009, the fair value of the financial investments of the Group amounted to approximately HK$63 million, of which approximately HK$38 million was attributable to unlisted equity linked notes and approximately HK$25 million was attributable to listed securities held for long term. The fair value of financial investment of the Group subsequent to 31 March 2009 is subject to adjustment depending on market situations.

Operating loss

As a result of the increase in operating expenses of approximately HK$169 million and fair value loss on financial assets at fair value through profit or loss of approximately HK$12 million as discussed above, the Group recorded an operating loss of approximately HK$87 million for the year ended 31 March 2009 against the operating profit of approximately HK$74 million for the year ended 31 March 2008. As for the operating margin (expressed as a percentage of operating loss/profit to turnover) of the Group, it was approximately -8.3% for the year ended 31 March 2009, and approximately 8.0% for the year ended 31 March 2008.

OUTLOOK

Looking forward, the Group is cautiously optimistic as the global economy gradually picks up in the coming year, which will in turn benefit the retail industry. While the Group aims to seek a comparatively modest expansion pace onward, it will still ride on the brand recognition already established to continue to capture lucrative opportunities particularly in the PRC in the years to come.

LIQUIDITY AND FINANCIAL RESOURCES

The management believes that the Group has cash holding, liquid assets, future revenue and available banking facilities sufficient to fund working capital requirements in the foreseeable future.

As at 31 March 2009, the Group had working capital of approximately HK$491 million (31 March 2008: HK$717 million) and current ratio at approximately 3.4 times (31 March 2008: 6.8 times).

Management Discussion and Analysis *(Continued)*

As at 31 March 2009, the Group had cash and cash equivalents of approximately HK$178 million deposited in banks in Hong Kong dollars, US dollars and Renminbi (31 March 2008: HK$452 million). The Group had outstanding bank borrowings of approximately HK$23 million (31 March 2008: Nil) repayable within one year. During the year, the Group took out new short-term bank loans of approximately HK$45 million for financing working capital and approximately HK$23 million were settled. The bank loans were in Renminbi and on a floating rate basis. As at 31 March 2009, the gearing ratio of the Group was approximately 2.5% (2008: N/A), which was calculated by the total bank loans dividing by total assets.

As at 31 March 2009, the Group had aggregate banking facilities of approximately HK$228 million for overdrafts, bank loans and trade financing and bank guarantee for rental deposit (31 March 2008: HK$237 million) of which approximately HK$49 million was used for trade financing and bank guarantee for rental deposit as at 31 March 2009 (31 March 2008: HK$11 million). As at 31 March 2009 and 31 March 2008, the Group had no charge on its assets.

The Group continued to keep sufficient inventory to meet the need of its expanding retail network. During the year under review, inventory turnover days increased to approximately 204 days (31 March 2008: 179 days) and inventory amounted to approximately HK$316 million as at 31 March 2009 (31 March 2008: HK$217 million).

FOREIGN EXCHANGE MANAGEMENT

The Group operates principally in the PRC and Hong Kong. Transactions are mainly denominated in the functional currency of individual group entity. The Group is not exposed to significant foreign currency risk. The conversion of Renminbi into foreign currencies is regulated under foreign exchange control rules of the PRC government.

CONTINGENT LIABILITIES

As at 31 March 2009, the Group was not exposed to any significant contingent liabilities (31 March 2008: Nil).

HUMAN RESOURCES

As at 31 March 2009, the Group had a total of 3,728 employees and the total staff cost for the year ended 31 March 2009 was approximately HK$185,949,000. Training courses on sales skills and product knowledge are regularly organised for employees of the Group. Staff remuneration is determined with reference to qualifications, experience, performance and contribution of an employee to the Group. Competitive remuneration packages including basic salary, allowances, share options, insurance and bonus are also offered to employees. Apart from basic salary and discretionary year-end bonuses based on individual merits, sales personnel also receive commissions based on several goal-oriented schemes.

Management Discussion and Analysis *(Continued)*

FINAL DIVIDEND

The Board has resolved not to declare final dividend for the year ended 31 March 2009 (2008 final dividend: 1.5 HK cents per ordinary share).

GROUP STRUCTURE

During the year under review, there was no material change in the group structure of the Company.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. CHAN Mei Sheung, aged 42, is an executive Director and the Chairman of the Company. She has been appointed as a member of Remuneration Committee on 18 December 2008. She is a director of Smart Presto Holdings Limited, a holding company of the Company, and is also a director of major subsidiaries of the Group including Trunari Enterprises Company Limited, Senet International Limited, Walker Shop Footwear Limited and Walker Group International Company Limited. She is responsible for the overall management and strategic development of the Group. Ms. Chan has around 17 years of experience in the footwear sales industry. She joined the Group in 1992 as a director of Trunari Enterprises Company Limited.

Mr. KIU Wai Ming, aged 60, is an executive Director and the Chief Executive Officer of the Company. He is also a director of major subsidiaries of the Group including Trunari Enterprises Company Limited, Senet International Limited, Walker Shop Footwear Limited and Walker Group International Company Limited. He is responsible for the overall management of the Group. Mr. Kiu has extensive experience in management and the banking industry. Between 1990 and 1999, he was a director of Dah Sing Financial Holdings Limited and a director of Dah Sing Bank Limited. From 1999 to 2002, Mr. Kiu was a director and Deputy Chief Executive at Industrial & Commercial Bank of China (Asia) Limited. Mr. Kiu is currently an independent non-executive director of Man Sang International Limited, a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). He is also an independent non-executive director of CCB International (Holdings) Limited, an investment bank wholly-owned by China Construction Bank. He holds a Bachelor of Science degree from Louisiana State University. He joined the Group in 2007.

Mr. CHU Yin Man, aged 50, is an executive Director, the Chief Financial Officer and the Company Secretary of the Company. He is also a director of major subsidiaries of the Group including Trunari Enterprises Limited, Senet International Limited, Walker Shop Footwear Limited and Walker Group International Company Limited. He is responsible for the finance, information technology and legal and compliance function of the Group. Mr. Chu obtained a Bachelor's Degree in Accountancy from the City University of Hong Kong in 1991 and then obtained a Diploma of Electronic Business and Business Management from Zhongshan University in 2001. In 1995, Mr. Chu was graduated from the University of Strathclyde with a Master Degree in Business Administration. Mr. Chu is a certified public accountant registered under the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales. Besides, he is also an associate of the Hong Kong Institute of Chartered Secretaries, an associate of the Institute of Chartered Secretaries and Administrators and a member of the Hong Kong Institute of Directors. Mr. Chu has over 27 years of experience in accounting and finance. He joined the Group in 2006.

Biographical Details of Directors and Senior Management *(Continued)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SZE Tsai Ping, Michael, aged 64, is an independent non-executive Director of the Company. Mr. Sze has over 30 years of extensive experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He is currently a member of the Disciplinary Appeals Committee of the Stock Exchange and member of the Securities and Futures Appeals Tribunal. He was a former council member, member of the Main Board Listing Committee of the Stock Exchange and the Cash Market Consultative Panel of Hong Kong Exchanges and Clearing Limited. Mr. Sze is a non-executive director of Burwill Holdings Limited and an independent non-executive director of GOME Electrical Appliances Holding Limited, Greentown China Holdings Limited, Harbour Centre Development Limited and CY Foundation Group Limited, all of which are listed on the Stock Exchange. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a fellow of the Hong Kong Institute of Directors. Mr. Sze was appointed as an independent non-executive Director of the Company in 2007.

Dr. FAN Yiu Kwan, *JP*, aged 64, is an independent non-executive Director of the Company. He is executive director of Hong Kong Council for Accreditation of Academic and Vocational Qualifications. Dr. Fan received his BA (Hon) degree from the University of Hong Kong, MA degree from the University of Toronto, Canada and PhD from the University of Wisconsin-Madison, USA. He currently serves as a member of the Panel on Pan-Pearl River Delta, Central Policy Unit, Government of the HKSAR, and as a Member of Council of the Hong Kong Institute of Directors. He was appointed as an independent non-executive Director of the Company in 2007.

Mr. TSANG Link Carl, Brian, aged 45, is an independent non-executive Director of the Company. Mr. Tsang is a practising solicitor in Hong Kong and is a partner of the Hong Kong law firm of Iu, Lai & Li. He graduated from King's College, London with a Bachelor of Laws (LLB) degree in 1985. He is also admitted to practice law in England and Wales, Singapore, New South Wales, Queensland and the Australian Capital Territories. He is currently an independent non-executive director of CITIC Resources Holdings Limited and a non-executive director of Midland IC&I Limited, both of which are public companies listed on the Main Board of the Stock Exchange. In 2005, he has been appointed as an adjudicator of the Registration of Persons Tribunal. In 2006, he has also been a member of Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants and a member of the Appeal Panel on Housing. Mr. Tsang was appointed as an independent non-executive Director of the Company in 2007.

Biographical Details of Directors and Senior Management *(Continued)*

SENIOR MANAGEMENT

Mr. CHENG Dong Xue (alias Cheng Zi), aged 42, is the general manager of the China region of the Group and is responsible for planning, executing and monitoring of operational strategies in the PRC. Mr. Cheng has a qualification of assistant engineer in the PRC and has over 5 years experience in business management. He joined the Group in 2003.

Mr. HUNG Tin Chun, aged 61, is the general manager of the Guangzhou office and he is responsible for product development management, merchandising and quality control in our Group. Mr. Hung has around 30 years experience in footwear industry and is strong on the product technology and manufacturing. He joined the Group in 2007.

Mr. LI Tak Wai, Gilbert, aged 45, is the financial controller of the China region of the Group and is responsible for financial accounting in the PRC. Mr. Li obtained a Master Degree of Business Administration from Manchester Business School and a Bachelor Degree of Business Administration from Hong Kong Baptist University. He is also an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has more than 10 years experience in retail business accounting. He joined the Group in 2008.

Ms. CHENG Wan Wai, Clara, aged 39, is the senior brand manager for Footwear Product Development in the Group. She holds a Bachelor of Applied Arts degree in Fashion Merchandising of Ryerson Polytechnic University, Toronto, and a Fashion Master of Business Administration degree of the Hong Kong Polytechnic University. Ms. Cheng has over 19 years experience in retail image design, brand development and fashion products design. She joined the Group in 2008.

Mr. LEUNG Sing Kuen, Frederick, aged 42, is the senior brand manager for Acupuncture of the Group. Mr. Leung has over 22 years experience in retail managing, merchandizing and purchasing as well as brand development. He joined the Group in 2008.

Ms. CHONG Lai Chu, aged 41, is the senior finance manager and is responsible for the Group's accounting and finance matters. She holds a Post-Secondary Diploma in Accounting from the Hong Kong Shue Yan College and Degree of Master of Business Administration from the University of Manchester. Ms. Chong is a certified public accountant registered under the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Chong has over 15 years of experience in auditing and accounting. She served as accounts manager of a group of companies engaged in footwear manufacturing prior to joining the Group in 2006.

Mr. LEUNG Kit Wai, aged 51, is the legal and compliance manager and is responsible for legal and compliance matters of the Group. Mr. Leung was admitted as a Solicitor in Hong Kong in September 1991 and in England & Wales in February 1992. He joined the Group in 2008.

Biographical Details of Directors and Senior Management *(Continued)*

Mr. LAM Yik Fai, Frank, aged 38, is the information technology manager and is responsible for information technology general management, project management, system development and infrastructure of the Group. Mr. Lam obtained a Degree of Bachelor of Science in Applied Computing from the Hong Kong Open University. Mr. Lam has over 16 years of experience in information technology industry. He joined the Group in 2008.

Ms. LUK Chiu Lan, aged 44, is the human resources manager. Ms. Luk holds a degree of Bachelor of Commerce from the University of Guelph with about 13 years of experiences in human resources and administration. Before joining the Group in 2007, Ms. Luk had worked as human resources and/or administration manager for a number of companies engaging in the retail, information technology, air forwarder and hotel industries. She is an experienced professional in human resources and is responsible for the Group's human resources policy and administration affairs.

Ms. GAO Shu Hua, aged 41, is the human resources manager in the PRC region. Ms. Gao obtained a Degree in Public Relations from Beijing Radio and Television University（北京郵電大學）. Ms. Gao has over 10 years of experience in human resources and administration. She joined the Group in 2004.

Mr. WANG Yin Hua, aged 45, is the leasing manager of the PRC and is responsible for business development in the PRC. Mr. Wang obtained a Degree by studying a Business Management course jointly organised by the University of Linguistics and Logic（中國邏輯語言授函大學）and the Commercial and Economic Department of People's University（中國人民大學）. Mr. Wang has more than 18 years of experience in the retail business and 4 years experience in the department store industry. He joined the Group in 2005.

Corporate Governance Report

CODE OF CORPORATE GOVERNANCE PRACTICES

The Board and the management recognise the needs to maintain sound corporate governance standards in the Company so as to effectively safeguard and maximise the interest of shareholders.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and the Board believes that the Company has been complying with the CG Code for the year ended 31 March 2009.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business and decision-making processes are conducted in a proper and prudent manner.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as its own code of conduct applicable to securities transactions undertaken by its Directors. Having made specific enquiries with all Directors, the Directors confirmed that they had complied with the required standard as set out in the Model Code in their securities transactions during the year ended 31 March 2009.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises three executive Directors and three independent non-executive Directors. The Directors up to the date of this annual report were:

Executive Directors

Ms. CHAN Mei Sheung *(Chairman)*
Mr. KIU Wai Ming
Mr. CHU Yin Man

Independent non-executive Directors

Mr. SZE Tsai Ping, Michael
Dr. FAN Yiu Kwan, *JP*
Mr. TSANG Link Carl, Brian

The Board sets directions and formulates overall strategies of the Group, monitors its overall performance and maintains effective supervision over the management running the Group through respective committees of the Board in a sound and efficient manner. To these ends, the Board meets regularly throughout the year. Not less than 14 days prior written notice to directors prior to board meeting is given and not less than 3

Corporate Governance Report *(Continued)*

days prior to the meeting, detailed agenda with views of directors taken into account and relevant materials are delivered to the Directors to enable them to make informed decision. The Company Secretary ensures compliance with procedures, all applicable laws and regulations. Access to board papers and relevant materials is available and each board member is free to seek independent professional advice, if required.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

During the year ended 31 March 2009, 5 full board meetings were held and the attendance of each Director is set out on page 23 for reviewing business strategies and financial and operating performance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms. CHAN Mei Sheung is the Chairman, Mr. KIU Wai Ming is the Chief Executive Officer and Mr. CHU Yin Man is the Chief Financial Officer of the Company. Their roles are segregated to assume a balance of authority and power and the divisions of responsibilities between the Chairman, the Chief Executive Officer and Chief Financial Officer have been clearly established. The Chairman is responsible for the leadership and effective running of the Board. The Chief Executive Officer and Chief Financial Officer are delegated with the authorities to manage all of the business of the Group effectively.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with Article 87 and Article 88 of the Company's Articles of Association, one-third of the Directors for the time being will retire and, being eligible, offer themselves for re-election at each forthcoming annual general meeting of the Company. Each of the independent non-executive Directors has been appointed for a term of three years commenced on 7 June 2007, subject to the provisions of the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors entered into a service agreement with the Company to act for a term of three years, all commenced on 7 June 2007 and shall continue thereafter until terminated, inter alia, by not less than three months' notice in writing served to each other or in accordance with the terms of service agreement.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreement with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

The independent non-executive Directors have been appointed for a term of three years. They are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

Corporate Governance Report *(Continued)*

RESPONSIBILITIES OF DIRECTORS

Every newly appointed director shall receive a comprehensive, formal and tailored induction on the first occasion of his or her appointment to ensure proper understanding of responsibilities and on-going obligations to be observed by a director with follow up updates and briefings, if necessary, to ensure that the directors have a proper understanding of the operations and business of the Group and that they are aware of their responsibilities under the laws and applicable regulations.

The independent non-executive directors have actively participated in the Board meetings and bring in independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. They also take the lead where potential conflicts of interests arise. They are also members of audit committee ("Audit Committee"), nomination committee ("Nomination Committee") and remuneration committee ("Remuneration Committee").

BOARD COMMITTEES

The Board has established various committees, including the Audit Committee, the Nomination Committee and the Remuneration Committee (together "Board Committees"), each of which has respective written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary of the Company, are circulated to all members of the Board. Each committee reports regularly to the Board on its decision and make recommendations on matters where appropriate.

AUDIT COMMITTEE

The Audit Committee was established in May 2007. Its role is to review the Group's financial reporting and related practice and make relevant recommendations to the Board. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice if required according to the Company's policy.

The Audit Committee comprises three independent non-executive directors, namely, Mr. SZE Tsai Ping, Michael, Dr. FAN Yiu Kwan, *JP* and Mr. TSANG Link Carl, Brian. Mr. SZE Tsai Ping, Michael is the Chairman of the Audit Committee. The principal duties of the Audit Committee include review and supervision of the financial reporting system and internal control procedures of the Group, review of the financial information of the Group and relationship of the Group with the external auditor.

The Group's annual results for the year ended 31 March 2009 have been reviewed by the Audit Committee.

Corporate Governance Report *(Continued)*

At the two meetings held during the year, the Audit Committee performed the following works:

1. To review annual and interim financial report;

2. To review external auditor's audit plan, terms of engagement and recommend the auditor's fees for the Board's approval;

3. To review the management letters and reports issued by the external auditor; and

4. To review the effectiveness of internal control and financial control systems.

NOMINATION COMMITTEE

The Nomination Committee was established in May 2007 and currently consists of three members, including Mr. SZE Tsai Ping, Michael, Dr. FAN Yiu Kwan, *JP* and Mr. TSANG Link Carl, Brian, all of whom are independent non-executive directors. Mr. SZE Tsai Ping, Michael is the chairman of the Nomination Committee.

Primary functions and roles of the Nomination Committee are:

1. To identify suitable candidates and make recommendations to the Board on selection of candidates so nominated for directorships and to make recommendations to the Board concerning appointment or re-appointment of directors; and

2. To review the size, structure and composition of the Board on a regular basis.

The Nomination Committee shall meet at least once a year. During the year, two Nomination Committee meetings were held and the attendance of each member is set out on page 23.

At the meetings held during the year, the re-appointment of retiring directors which were approved by the shareholders at the annual general meeting was recommended.

The Nomination Committee has adopted a written nomination procedure specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. Appropriate experience, personal skills and time commitment are among the set of criteria used by the Nomination Committee to identify and recommend candidates to the Board.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in May 2007. It currently comprises four members, including Dr. FAN Yiu Kwan, *JP*, Ms. CHAN Mei Sheung, Mr. SZE Tsai Ping, Michael and Mr. TSANG Link Carl, Brian. Dr. FAN Yiu Kwan, *JP* is the Chairman of the Remuneration Committee.

The principal functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure in relation to remuneration of directors and senior management, and reviewing the specific remuneration packages of all executive directors and senior management with reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee shall meet at least twice a year. During the year, two Remuneration Committee meetings were held and the attendance of each member is set out on page 23.

Corporate Governance Report *(Continued)*

At the meetings held during the year, the remuneration packages of all directors of the Company with reference to their experience, performance and other comparables listed companies in Hong Kong were reviewed and considered. Performance based bonus to directors and senior management staff were also considered and reviewed. Details of the emoluments paid/payable to individual directors of the Company are set out in Note 29 to the consolidated financial statements.

ATTENDANCE OF BOARD AND BOARD COMMITTEES' MEETINGS

The attendances of individual members of the Board and the Board Committees in the Board and the Board Committees' meetings held for the year ended 31 March 2009 are detailed as follows:

	Number of meetings attended/held for the year ended 31 March 2009			
	Board	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Executive Directors				
Ms. CHAN Mei Sheung *(Chairman)*	5/5			1/2 *(Note)*
Mr. KIU Wai Ming *(Chief Executive Officer)*	5/5			
Mr. CHU Yin Man *(Chief Financial Officer)*	5/5			
Independent non-executive Directors				
Mr. SZE Tsai Ping, Michael *(Chairman of Audit & Nomination Committees)*	3/5	1/2	2/2	2/2
Dr. FAN Yiu Kwan, *JP* *(Chairman of Remuneration Committee)*	5/5	2/2	2/2	2/2
Mr. TSANG Link Carl, Brian	5/5	2/2	2/2	2/2

Note: Ms. CHAN Mei Sheung was appointed as a member of the Remuneration Committee on 18 December 2008.

RESPONSIBILITY FOR PREPARATION AND REPORTING OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditor about their reporting responsibilities is set out on page 36 of this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Corporate Governance Report *(Continued)*

INTERNAL CONTROL

The Board has reviewed the findings of the internal control review performed by the internal auditors together with the Audit Committee and, after discussion with the management, is satisfied that the Group's system of internal controls is sound and adequate. The Board will continue to review and improve the internal control system of the Group, taking into account the prevailing regulatory requirements, business development needs and the interest of shareholders.

MANAGEMENT FUNCTIONS

The Board is responsible for formulating the Group's overall strategy, determining objectives and policies and monitoring and controlling the performances of the Group. The day-to-day management and operations of the Group's business is delegated by the Board to the general managers and department heads of the Company and its subsidiaries. The Board reserves the right to decide on all policy matters of the Group and material transactions.

AUDITOR'S REMUNERATION

During the year under review, the fees paid/payable to the Company's external auditor, PricewaterhouseCoopers, for the provision of audit services and non-audit services amounted to approximately HK$1,931,000 (audit) and HK$613,000 (non-audit) respectively, which comprised interim review fee of approximately HK$270,000 and tax compliance service fee of approximately HK$343,000.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

Communication with shareholders, investors and analysts are maintained through delivery of interim reports, annual reports, publishing information relating to the Group on the websites of the Stock Exchange and the Company, and issuing announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules.

Holding annual general meeting provides important opportunity for direct communication between the Chairman of the Board and the Board Committees on the one hand and the shareholders on the other and questions raised by the shareholders are answered. Re-election of directors by separate resolution will also be proposed by the Chairman at the annual general meeting.

Upon announcements of interim and annual results and material investments decision, communication with various parties by way of briefing sessions, and press conference may be convened. One-on-one communication is common when attending investors' activities.

Report of Directors

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2009.

Corporate Reorganisation and Public Listing

The Company was incorporated with limited liability in the Cayman Islands on 10 November 2006. Pursuant to a group reorganisation to rationalise the structure of the Group in the preparation for public listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 21 May 2007.

Principal Activities

The Company is an investment holding company. The activities of the subsidiaries are set out in Note 39 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 41.

Dividend

The Board resolved not to declare final dividend for the year ended 31 March 2009.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 110 to 113.

Share Capital

Details of the movements in share capital of the Company during the year under review are set out in Note 20 to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 42 of this annual report.

Movements in the reserves of the Company during the year are set out in Notes 20 and 21 to the consolidated financial statements.

Report of Directors *(Continued)*

In addition to the retained earnings of the Company, the share premium account of the Company and share-based compensation reserve of the Company are also available for distribution to shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid in accordance with the Companies Law (2007 Revision) of the Cayman Islands.

As at 31 March 2009, the share premium of the Company was approximately HK$562,070,000 (2008: HK$562,070,000), the share-based compensation reserve of the Company was approximately HK$16,234,000 (2008: HK$10,196,000). The retained earnings of the Company were approximately HK$3,792,000 (2008: HK$18,750,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group and the Company are set out in Note 7 to the consolidated financial statements.

Directors

The members of the Board during the year ended 31 March 2009 and up to the date of this report were:

Executive Directors

Ms. CHAN Mei Sheung
Mr. KIU Wai Ming
Mr. CHU Yin Man

Independent non-executive Directors

Mr. SZE Tsai Ping, Michael
Dr. FAN Yiu Kwan, *JP*
Mr. TSANG Link Carl, Brian

In accordance with Article 87 and Article 88 of the Company's Articles of Association, one-third of the Directors for the time being will retire and, being eligible, offer themselves for re-election at each forthcoming annual general meeting. Each of the independent non-executive Directors has been appointed for a term of three years commenced on 7 June 2007, subject to the provisions of the Company's Articles of Association.

Report of Directors *(Continued)*

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent. Biographical details of the Directors as at the date of this report are set out on pages 15 to 16 of this annual report.

Directors' Service Contracts

Each of the Directors entered into a service agreement with the Company to act for a term of three years, all commenced 7 June 2007 and shall continue thereafter until terminated, inter alia, by not less than three months' notice in writing served to each other or in accordance with the terms of service agreement.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreement with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

Directors' and Chief Executives' Interests in Shares of the Company

As at 31 March 2009, the interests of each Director and chief executive in the shares, share options, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Position

Beneficial interests in the ordinary shares of HK$0.10 each in the capital of the Company ("Shares"):

	Capacity & number of Shares held			Number of share options held			
Name of Director	Personal interest	Family interest	Corporate interest	Personal interest *(Note 2)*	Family interest	Total	Approximate percentage of shareholding *(Note 4)*
CHAN Mei Sheung	—	449,950,000 *(Note 1)*	—	3,550,000	—	453,500,000	72.85%
KIU Wai Ming	3,500,000	—	—	2,000,000	—	5,500,000	0.88%
CHU Yin Man	300,000 *(Note 3)*	—	—	1,200,000	—	1,500,000	0.24%

Report of Directors *(Continued)*

Notes:

1. Mr. HUANG Wen Yi ("Mr. Huang"), who was a director of the Company, passed away in Hong Kong on 10 February 2008. Mr. Huang's estate is taken to be interested in the 449,950,000 Shares held by Smart Presto Holdings Limited, owned as to 90% by estate of Mr. Huang and 10% by Ms. CHAN Mei Sheung ("Ms. Chan"). Ms. Chan was the wife of the late Mr. Huang and is taken to be interested in the 449,950,000 Shares held by Smart Presto Holdings Limited and the option relating to 4,380,000 Shares granted to Mr. Huang which was lapsed on 10 February 2009. Ms. Chan is in the process of applying to the Probate Registry in Hong Kong for Grant of Letters of Administration in respect of the estate of the late Mr. Huang.

2. These represent the number of Shares which will be allotted and issued to such Directors upon the exercise of the options granted to each of them under the Pre-IPO Share Option Scheme adopted on 21 May 2007 ("Pre-IPO Scheme").

3. The 300,000 Shares were acquired by Mr. CHU Yin Man ("Mr. Chu") pursuant to the Share Purchase Agreement entered into by Mr. Huang, Smart Presto Holdings Limited and Mr. Chu on 2 May 2007.

4. Calculated as a percentage of the entire issued share capital of the Company as at 31 March 2009.

Save as disclosed above, as at 31 March 2009, none of the Directors or the chief executives of the Company nor their associates had any interests or short positions in any shares, share options, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholder's Interests in Shares of the Company

The register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO shows that, other than the interests disclosed above in respect of certain directors, as at 31 March 2009, the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Long Position

Substantial shareholder	Number of Shares held	Capacity	Approximate percentage of shareholding
Smart Presto Holdings Limited *(Note)*	449,950,000	Beneficial owner	72.28%

Note: Smart Presto Holdings Limited, which is owned as to 90% by estate of Mr. Huang and 10% by Ms. Chan, is the registered owner of 449,950,000 Shares.

As at the date of this report, save as disclosed above, none of the Directors knows of any person (not being a Director or chief executive of the Company) who as at 31 March 2009 had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Report of Directors *(Continued)*

Save as the shareholders as disclosed herein, the Directors are not aware of any persons who were entitled to exercise or control the exercise of 5% or more of the voting power at the general meeting of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Directors' Interest in Contracts of Significance

The Company had no transactions which constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules for the year ended 31 March 2009. No contracts of significance in relation to the Group's business to which the Company and its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest in Competing Business

Non-Competition Undertaking

Pursuant to a deed of non-competition entered into between late Mr. Huang and Ms. Chan, and the Company dated 23 May 2007 ("Non-Competition Undertaking"), each of late Mr. Huang and Ms. Chan has undertaken to the Company (for itself and on behalf of each of its subsidiaries) that so long as the Company is listed on the Main Board of the Stock Exchange and so long as any of Mr. Huang and Ms. Chan remains a controlling shareholder, he or she will not, and shall procure that his or her associates will not, compete with the Group, directly or indirectly, whether on his or her own or jointly with or on behalf of any person, firm, or company, by carrying on or being engaged, concerned or interested, directly or indirectly, whether as a shareholder, director, employee, partner, agent or otherwise, in the carrying on of any activity or business which directly or indirectly competes or is likely to be in competition with the footwear business operated by the Group or will from time to time be engaged or operated by the Group in the PRC and Hong Kong, Taiwan and Japan ("Competitive Business"). The Competitive Business includes, without limitation, the design and sales of footwear products in the PRC and Hong Kong.

The independent non-executive Directors have reviewed Ms. Chan's compliance with the Non-Competition Undertaking. The independent non-executive Directors are of the view that none of the controlling shareholders or directors of the Company held any interests in any business that, either directly or indirectly, competes or is likely to compete with the business of the Group.

The Company has also received confirmation from Ms. Chan, which stated that Ms. Chan, as the controlling shareholder of the Company, has complied with the Non-Competition Undertaking for the year ended 31 March 2009.

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Scheme in May 2007 and its purpose is to recognise the contribution of and to provide an incentive to the Directors, senior management members and other employees of the Group who has contributed or will contribute to the Group.

On 21 May 2007, options ("Share Option") to subscribe for a total of 15,000,000 Shares at the exercise price of HK$3.09 per Share equivalent to 80% of the final offer price of HK$3.86 per Share upon its listing on the Stock Exchange ("Listing") were granted under the Pre-IPO Scheme.

Report of Directors *(Continued)*

On acceptance of the Share Option, the grantee would pay HK$1.00 by way of consideration for the grant to the Company. Each Share Option is exercisable during the following option periods: (a) in relation to 30% of the Shares comprised in the Share Option, during the period commencing on the expiration of 12 months, and ending on the expiration of 48 months, after the date of Listing; (b) in relation to another 30% of the Shares comprised in the Share Option, the period commencing on the expiration of 24 months, and ending on the expiration of 60 months, after the date of Listing; and (c) in relation to the remaining 40% of the Shares comprised in the Share Option, the period commencing on the expiration of 36 months, and ending on the expiration of 72 months, after the date of Listing.

A summary of the movements for the year ended 31 March 2009 of the Share Options is as follows:

	Number of Share Options						
Name or Category of participant	Balance as at 1 April 2008	Granted during the year ended 31 March 2009	Exercised during the year ended 31 March 2009	Cancelled during the year ended 31 March 2009	Lapsed during the year ended 31 March 2009	Balance as at 31 March 2009	Approximate percentage of issued share capital *(Note 3)* %
Directors							
Late HUANG Wen Yi	1,314,000	–	–	–	1,314,000 *(Note 1)*	–	–
CHAN Mei Sheung	3,550,000	–	–	–	–	3,550,000	0.57
KIU Wai Ming	2,000,000	–	–	–	–	2,000,000	0.32
CHU Yin Man	1,200,000	–	–	–	–	1,200,000	0.19
Employees							
Continuous contract employees	2,750,000	–	–	–	120,000 *(Note 2)*	2,630,000	0.42

Notes:

1. Mr. Huang, a former director of the Company, was granted a Share Option to subscribe for 4,380,000 Shares on 21 May 2007. Mr. Huang passed away on 10 February 2008. Pursuant to the terms of the Pre-IPO Scheme, Mr. Huang's legal personal representative shall be entitled after commencement of the option period until the last day of the period of 12 months from 10 February 2008 (or such longer period as the Board may determine) to exercise his Share Option. Since the option periods in respect of 70% of the Shares comprised in Mr. Huang's Share Option would not commence by the last day of such 12-month period and no determination has been made by the Board to extend such 12-month period, Mr. Huang's legal personal representative was only entitled to exercise his Share Option in respect of 30% of the Shares comprised therein, i.e. 1,314,000 Shares, as at 1 April 2008. All of Mr. Huang's Share Option had lapsed as at 31 March 2009.

2. Share Options relating to a total of 120,000 Shares held by continuous contract employees of the Group lapsed during the year ended 31 March 2009 following the resignation of such employees.

3. Calculated as a percentage of the entire issued share capital of the Company as at 31 March 2009.

Report of Directors *(Continued)*

The offer price of the Shares upon Listing on 7 June 2007 is HK$3.86. The value of the Share Options granted to the respective parties is as follows:

	HK$
Directors	
Late Mr. HUANG Wen Yi	7,621,200
Ms. CHAN Mei Sheung	6,177,000
Mr. KIU Wai Ming	3,480,000
Mr. CHU Yin Man	2,088,000
Employees	
Continuous contract employees	6,733,800

Measurement date of the Share Option was 6 June 2007. The value of the Share Options granted during the year ended 31 March 2008 was HK$26,100,000, based on the binomial lattice model. The significant inputs into the model were share price as at 7 June 2007 of HK$3.86, exercise price of HK$3.09 and expected life of options of 6 years, annual risk-free interest rates ranging from 4.01% to 4.08% and expected annualised stock volatility of 33.18%. The binomial lattice model is to estimate the market value of options by incorporating the effects from factors including risk-free rate and annualised stock price volatility. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

As at 31 March 2009, Share Options in respect of 9,380,000 Shares were outstanding. The exercise in full of such Share Options would, under the present capital structure of the Company, result in the issue of additional ordinary Shares at a total premium of approximately HK$28,046,000.

The Pre-IPO Scheme expired on 23 May 2007 and save for the options that have been granted mentioned above, no further option will be offered or granted under the Pre-IPO Scheme.

Share Option Scheme

A share option scheme ("Share Option Scheme") was adopted by the shareholders' written resolution of the Company dated 21 May 2007. Summary of principal terms of the Share Option Scheme is set out below. No option had been granted under the Share Option Scheme since its adoption on 21 May 2007.

Unless otherwise cancelled or amended, the Share Option Scheme shall be valid and effective for a period of 10 years from its adoption date, after which period no further options will be issued but any options then outstanding will continue to be exercisable in accordance with their terms of issue.

The Share Option Scheme is designed to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any individual being an employee, office, agent, consultant or representative of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his performance and/or years of service, or is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors.

Report of Directors *(Continued)*

The period under which an option may be exercised will be determined by the Board at its absolute discretion, save that an option shall expire not later than 10 years from the date of grant. Unless otherwise determined by the Board, and specified in the offer letter at the time of offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 28 days from the date of offer. The amount payable on acceptance of an option is HK$1.00. The full amount of the subscription price for the Company's shares has to be paid upon exercise of an option. The subscription price shall be such price solely determined by the Board at the time of offer of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option.

The subscription price shall be at least the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted in the Stock Exchange's daily quotation sheets on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted in the Stock Exchange's daily quotation sheets on the date of an offer of the grant of the options.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company (excluding options lapsed in accordance with the terms of the Share Option Scheme) shall not in aggregate exceed 10% of the total number of the Company's shares in issue on the date of commencement of dealings in the Shares on the Stock Exchange, being 600,000,000 Shares.

The number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. As at the date of this report, a total of 60,000,000 Shares representing 10% and approximately 9.6% of the issued share capital of the Company as at the date of commencement of dealings of Shares in the Stock Exchange and as at the date of this report respectively are available for issue under the Share Option Scheme.

The total number of the Company's Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of the Company's Shares in issue unless approved by the Company's shareholders in general meeting.

During the year ended 31 March 2009, no options had been granted or remained outstanding under the Share Option Scheme.

Directors' Right to Acquire Shares

Except as mentioned above under Pre-IPO Scheme and Share Option Scheme, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Report of Directors *(Continued)*

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2009, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no provision for pre-emptive rights under the Laws of the Cayman Islands which obliges the Company to offer new shares on a pro-rata basis to existing shareholders.

Major Customers and Suppliers

During the year, all suppliers of the Group are independent third parties except one chief supplier who operates a joint venture with one of the subsidiaries of the Group producing office lady shoes under the brand name of EPICA. The Group's largest supplier accounted for approximately 9.1% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 34.4% of the Group's total purchases.

Our Group's five largest customers accounted for less than 30% of the total sales for the year. Hence, no disclosure with regard to major customers is made.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's top five largest customers or suppliers.

Directors' and the Five Highest Paid Individuals' Emoluments

The Directors' fees and remuneration and the emoluments of the five highest paid individuals are disclosed in Note 29 to the consolidated financial statements. The emoluments of the Directors are determined with regard to their duties, responsibilities, experience and performance, the Company's performance, the prevailing market conditions and after considering the market emoluments for directors of other listed companies.

The contributions to pension scheme of Directors for the year are disclosed in Note 29 to the consolidated financial statements.

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 March 2009.

Report of Directors *(Continued)*

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in Corporate Governance Report contained in this annual report.

Audit Committee

The Company established an audit committee on 21 May 2007 with terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The members of the Audit Committee are independent non-executive Directors, namely Mr. SZE Tsai Ping, Michael, Dr. FAN Yiu Kwan, *JP* and Mr. TSANG Link Carl, Brian. Mr. SZE Tsai Ping, Michael is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2009, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

Use of Net Proceeds from the Company's Initial Public Offering

The proceeds from the issuance of new shares by the Company in its initial public offering in June 2007, net of listing expenses, were approximately HK$614 million. As at 31 March 2009, the proceeds had been utilised in the following manners:

	Planned amount per prospectus	Planned amount per announcement dated 14 October 2008	Amount utilised up to 31 March 2009	Balance as at 31 March 2009
	HK$'Million	*HK$'Million*	*HK$'Million*	*HK$'Million*
Setting up franchised and self-managed sales points	407	332	228	104
Setting up specialty sales points	96	52	40	12
Strengthening product design and development capability	15	15	3	12
Upgrading management information system	15	15	9	6
Marketing and promotional activities	30	30	26	4
Working capital	51	101	101	—
Acquisition of Acupuncture and settling the Completion Liabilities	—	69	69	—
	614	614	476	138

Report of Directors *(Continued)*

The unutilised balance was deposited in the banks. As disclosed in the Company's announcement dated 14 October 2008, the Board anticipated that the recent economic environment would have a negative impact on global consumptions and the Group's business. The Board considered it was necessary for the Group to have a strong working capital position. In order to cope with the changes in the market conditions and to capture business opportunities arising from the acquisition of Acupuncture, the Board resolved to change the proposed use of part of the unused net proceeds from the initial public offering of the Company. For details, please refer to the Company's announcement dated 14 October 2008. The Group intends to utilise the net proceeds balance in the same manner and proportion as set out in the announcement of the Company dated 14 October 2008.

Sufficiency of Public Float

As at the latest practicable date prior to the issue of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Company, there is a sufficient public float of the Shares as required by the Listing Rules.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment.

A resolution to re-appoint PricewaterhouseCoopers as auditor of the Company will be submitted at the annual general meeting of the Company.

On behalf of the Board
CHAN Mei Sheung
Chairman

Hong Kong
15 July 2009

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

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TO THE SHAREHOLDERS OF WALKER GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Walker Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 109, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 July 2009

Consolidated Balance Sheet

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Leasehold land	*6*	**18,390**	18,877
Property, plant and equipment	*7*	**44,875**	42,411
Investment property	*8*	**404**	—
Intangible assets	*9*	**71,350**	10,866
Interests in jointly controlled entities	*11*	**—**	1,318
Deferred income tax assets	*12*	**18,826**	8,129
Available-for-sale financial assets	*13*	**25,065**	1,211
Rental deposits	*16*	**20,260**	20,378
		199,170	103,190
Current assets			
Inventories	*14*	**316,275**	217,281
Trade receivables	*15*	**109,576**	97,107
Deposits, prepayments and other receivables	*16*	**52,549**	41,076
Financial assets at fair value through profit or loss	*17*	**37,658**	19,779
Tax recoverable		**86**	3,395
Restricted cash	*19*	**—**	10,000
Cash and cash equivalents	*19*	**177,975**	452,231
		694,119	840,869
Total assets		**893,289**	944,059
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*20*	**62,250**	62,250
Share premium	*20*	**562,070**	562,070
Reserves	*21*	**65,742**	188,225
		690,062	812,545
Minority interests		**(658)**	—
Total equity		**689,404**	812,545

Consolidated Balance Sheet

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
License fees payable		—	5,889
Obligation under finance lease	23	685	1,001
Deferred income tax liabilities	12	260	340
		945	7,230
Current liabilities			
Borrowings	22	22,525	—
Trade payables	24	116,559	85,589
Accruals and other payables	24	56,587	30,363
License fees payable		—	3,752
Obligation under finance lease	23	316	316
Taxation payable		6,953	4,264
		202,940	124,284
Total liabilities		203,885	131,514
Total equity and liabilities		893,289	944,059
Net current assets		491,179	716,585
Total assets less current liabilities		690,349	819,775

On behalf of the Board

Director
CHAN Mei Sheung

Director
CHU Yin Man

The accompanying notes are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1,062**	1,415
Interests in subsidiaries	10	**643,282**	379,013
		644,344	380,428
Current assets			
Deposits, prepayments and other receivables	16	**253**	457
Amount due from a subsidiary	18	**1,000**	—
Cash and cash equivalents	19	**1,257**	275,499
		2,510	275,956
Total assets		**646,854**	656,384
EQUITY			
Capital and reserves			
Share capital	20	**62,250**	62,250
Share premium	20	**562,070**	562,070
Reserves	21	**20,026**	28,946
Total equity		**644,346**	653,266
LIABILITIES			
Non-current liabilities			
Obligation under finance lease	23	**685**	1,001
Current liabilities			
Accruals and other payables	24	**1,507**	1,801
Obligation under finance lease	23	**316**	316
		1,823	2,117
Total liabilities		**2,508**	3,118
Total equity and liabilities		**646,854**	656,384
Net current assets		**687**	273,839
Total assets less current liabilities		**645,031**	654,267

On behalf of the Board

Director
CHAN Mei Sheung

Director
CHU Yin Man

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the year ended 31 March 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Revenue	5	**1,043,513**	930,106
Cost of sales	25	**(476,239)**	(379,947)
Gross profit		**567,274**	550,159
Selling and distribution costs	25	**(549,798)**	(408,506)
Administrative expenses	25	**(104,831)**	(77,913)
Other (losses)/gains — net	26	**(8,471)**	2,961
Other income	27	**8,540**	7,541
Operating (loss)/profit		**(87,286)**	74,242
Finance income	30	**4,486**	35,365
Finance costs	30	**(478)**	(3,120)
Finance income — net		**4,008**	32,245
Share of losses of jointly controlled entities	11	**(1,422)**	(192)
(Loss)/profit before income tax		**(84,700)**	106,295
Income tax expense	31	**(5,355)**	(11,621)
(Loss)/profit for the year		**(90,055)**	94,674
Attributable to:			
Equity holders of the Company	32	**(89,384)**	94,674
Minority interests		**(671)**	—
		(90,055)	94,674
(Losses)/earnings per share for (loss)/profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	33	**(14.4)**	16.1
— diluted	33	**(14.4)**	16.1
Dividends	34	**—**	69,836

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company					
	Share capital and premium *(Note 20)*	Reserves	Retained earnings	Sub-total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2007	10,000	29,941	100,078	140,019	—	140,019
Fair value gains of available-for-sale financial assets *(Note 13)*	—	43	—	43	—	43
Currency translation differences	—	13,791	—	13,791	—	13,791
Profit for the year	—	—	94,674	94,674	—	94,674
Total recognised income and expenses	—	13,834	94,674	108,508	—	108,508
Issue of shares	665,850	—	—	665,850	—	665,850
Listing expenses	(51,530)	—	—	(51,530)	—	(51,530)
Transfer	—	5,358	(5,358)	—	—	—
Share option scheme — value of employee services *(Note 20)*	—	8,267	—	8,267	—	8,267
Share award *(Note 20)*	—	1,929	—	1,929	—	1,929
Dividends *(Note 34)*	—	—	(60,498)	(60,498)	—	(60,498)
Balance at 31 March 2008	624,320	59,329	128,896	812,545	—	812,545
Fair value losses of available-for-sale financial assets *(Note 13)*	—	(29,914)	—	(29,914)	—	(29,914)
Currency translation differences	—	114	—	114	13	127
Loss for the year	—	—	(89,384)	(89,384)	(671)	(90,055)
Total recognised income and expenses	—	(29,800)	(89,384)	(119,184)	(658)	(119,842)
Transfer	—	5,427	(5,427)	—	—	—
Share option scheme — value of employee services *(Note 20)*	—	4,754	—	4,754	—	4,754
Share award *(Note 20)*	—	1,284	—	1,284	—	1,284
Dividends *(Note 34)*	—	—	(9,337)	(9,337)	—	(9,337)
Balance at 31 March 2009	624,320	40,994	24,748	690,062	(658)	689,404

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Cash used in operations	*35(a)*	**(111,556)**	(26,429)
Interest paid		**(478)**	(3,120)
Interest income on financial assets at fair value through profit and loss		**1,757**	761
Income tax refund		**3,548**	—
Income tax paid		**(13,704)**	(33,434)
Net cash used in operating activities		**(120,433)**	(62,222)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(45,363)**	(32,783)
Proceeds from disposal of leasehold land and property, plant and equipment	*35(b)*	**—**	5,175
Purchases of intangible assets		**(74,870)**	(297)
Purchases of available-for-sale financial assets		**(59,938)**	—
Proceeds from disposal of available-for-sale financial assets	*35(d)*	**6,342**	—
Net cash inflow/(outflow) from additional investments in jointly controlled entities	*11, 36(b)*	**283**	(1,510)
Dividend income received on available-for-sale financial assets		**3,003**	—
Interest received		**4,346**	34,101
Net cash (used in)/generated from investing activities		**(166,197)**	4,686
Cash flows from financing activities			
Net proceeds from issuance of ordinary issues		**—**	614,320
Proceeds from borrowings		**45,293**	38,372
Repayment of borrowings		**(22,646)**	(147,815)
Capital elements of finance lease payments		**(316)**	(263)
Dividends paid		**(9,337)**	(39,898)
Net cash generated from financing activities		**12,994**	464,716
Net (decrease)/increase in cash and cash equivalents		**(273,636)**	407,180
Cash and cash equivalents at the beginning of the year		**452,231**	47,823
Exchange differences		**(620)**	(2,772)
Cash and cash equivalents at the end of the year	*19*	**177,975**	452,231

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Walker Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the retailing of footwear in Hong Kong, Mainland China and Taiwan.

The Company was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 15 July 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) The following amendments to standards and interpretations are mandatory for financial year beginning 1 April 2008:

HKAS 39 and HKFRS 7 (Amendment)	Financial instruments: recognition and measurement
HK(IFRIC) — Int 11	HKFRS 2 — Group and treasury share transactions
HK(IFRIC) — Int 12	Service concession arrangements
HK(IFRIC) — Int 14	HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the above amendments to standards and interpretations did not have any significant financial impact to the Group.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1. Basis of preparation *(Continued)*

(b) At the date of authorisation of these financial statements, the following new, revised and amended HKFRSs and interpretations were in issue but not yet effective and have not been early adopted by the Group.

HKFRSs (amendments)	Improvements to HKFRSs
HKAS 1 (revised)	Presentation of financial statements
HKAS 23 (revised)	Borrowing costs
HKAS 27 (revised)	Consolidated and separate financial statements
HKAS 32 and HKAS 1 (amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (amendment)	Eligible hedged items
HKAS 1 and HKAS 27 (amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (amendment)	Vesting conditions and cancellations
HKFRS 3 (revised)	Business combinations
HKFRS 8	Operating segments
HK(IFRIC) — Int 9	Reassessment of embedded derivatives
HK(IFRIC) — Int 13	Customer loyalty programmes
HK(IFRIC) — Int 15	Agreements for the construction of real estate
HK(IFRIC) — Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners
HK(IFRIC) — Int 18	Transfers of assets from customers

In addition, HKICPA also published a number of amendments for the existing standards under its improvement projects.

The Group has already commenced an assessment of the impact of these new HKFRSs and amendments but is not yet in a position to state whether these new HKFRSs and amendments would have a significant impact on its results of operations and financial position.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2. Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Acquisitions of entities that are under common control have been consolidated using the uniting of interests method. Other acquisitions of subsidiaries by the Group are accounted for using the purchase method of accounting. The cost of an acquisition under the purchase method is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Minority interests

The Group applies a policy of treating transactions in connection with equity interest in a subsidiary with minority interests as transactions with parties external to the Group. Disposals of equity interests already owned by the Group to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases of equity interests already owned by the Group from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2. Consolidation *(Continued)*

(c) Interests in jointly controlled entities

Jointly controlled entities are those entities over which the Group has contractual arrangements to jointly share control with one or more parties. The Group's interest in jointly controlled entities is accounted for using the equity method of accounting in the consolidated financial statements.

The Group's share of its jointly controlled entities' profits or losses is recognised in the consolidated income statement, and its share of movements in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4. Foreign currency translation *(Continued)*

(b) ***Transactions and balances*** *(Continued)*

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale investment reserve in equity.

(c) ***Group companies***

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5. Leasehold land

Leasehold land is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various buildings are generally situated for a period from 40 to 50 years. Amortisation of leasehold land is calculated on a straight-line basis over the period of the lease and is charged to the administrative expenses in the income statement.

2.6. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group or for sale in the ordinary course of business, is classified as investment property.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Depreciation of investment property is calculated using the straight-line method to allocate cost over its estimated useful life of 50 years.

The investment property's residual value and useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

Investment property's carrying amount is written down immediately to its recoverable amount if the investment property's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gain or loss on disposal of an investment property is determined by comparing the proceeds and the carrying amount of the investment property and is recognised in the income statement.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation of buildings and leasehold improvements is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

Buildings	50 years
Leasehold improvements	over the lease term

Depreciation of other property, plant and equipment is calculated using the reducing balance method to allocate cost over their estimated useful lives, at the following rates per annum:

Motor vehicles	25%
Furniture, fixtures and equipment	20%
Computer equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other (losses)/gains — net" in the income statement.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8. Intangible assets

(a) Acquired trademarks

Acquired trademarks that have definite useful life are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 20 years.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

(c) Patents and licences

Expenditure on acquiring licences for sale of products is initially recognised and measured at fair value, which represent the capitalisation of unavoidable licence fee payments in accordance with the licence agreements. Cost of licences is amortised using the straight-line method over the license period, ranging from 1 to 6 years.

2.9. Impairment of non-financial assets, investments in subsidiaries and jointly controlled entities

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10. Financial assets *(Continued)*

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "other (losses)/gains — net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of "other income" when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary security are recognised in the income statement; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities".

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10. Financial assets *(Continued)*

(c) ***Available-for-sale financial assets*** *(Continued)*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.11. Inventories

Inventories representing merchandising stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises purchase and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling and distribution costs.

2.12. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance accounts for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs in the income statement.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.14. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15. Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16. License fee payable

License fee payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18. Current and deferred income tax *(Continued)*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19. Employee benefits

(a) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for long service leave as a result of services rendered by employees up to the balance sheet date.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Pension obligations

The group companies in Mainland China participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in Mainland China and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19. Employee benefits *(Continued)*

(c) Pension obligations *(Continued)*

The group companies in Hong Kong participate in a mandatory provident fund ("MPF Scheme") for its employees in Hong Kong. MPF Scheme is a defined contribution scheme in accordance with the Mandatory Provident Fund Scheme Ordinance. Under the rules of MPF Scheme, the employer and its employees are required to contribute 5% of the employees' salaries, up to a maximum of HK$1,000 per employee per month. The assets of MPF Scheme are held separately from those of the Group in an independently administered fund.

(d) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax rebates and discounts and after eliminated sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods — retail

The Group operates a chain of retail outlets for selling footwear. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in selling and distribution costs.

(b) Sales of goods — wholesale

The Group sells a range of footwear products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesale's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with sales contract, the acceptance provisions have lapsed, or the objective evidence that all criteria for acceptance have been satisfied.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20. Revenue recognition *(Continued)*

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(e) License fees income

License fees income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(f) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(g) Rental income

Operating lease rental income is recognised on a straight-line basis over the lease period.

2.21. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.22. Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor and exclusive of any turnover rental payments which are calculated by reference to a pre-determined percentage of a tenant's monthly sales), including upfront payment made for leasehold lands, are expensed in the income statement on a straight-line basis over the period of the lease. Turnover rental payments are recognised on an accrual basis.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23. Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.24. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board of Directors, as appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no major hedging activities are undertaken by management.

(a) Foreign currency risk

The Group operates principally in Hong Kong and Mainland China. Transactions are mainly conducted in the functional currency of each group entity and therefore the foreign currency risk is considered to be minimal.

The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the People's Republic of China ("PRC") government.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1. Financial risk factors *(Continued)*

(b) Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, if there is a 50 basis-point increase/decrease in interest rate, the loss before tax would have been HK$113,000 higher/lower respectively, with all other variables held constant.

(c) Price risk

The Group's available-for-sale financial assets and financial assets at fair value through profit and loss, which are measured at fair value at each balance sheet date, are subject to equity price risk. The management manages this exposure by closely monitoring the equity price.

At 31 March 2009, if the prices of the underlying investments in financial assets at fair value through profit and loss had been 10% higher with all other variables held constant, the Group's post-tax loss would have been HK$1,936,000 lower (2008: post-tax profit would be HK$449,000 higher). At 31 March 2009, if the prices of the underlying investments in financial assets at fair value through profit and loss had been 10% lower with all other variables held constant, the Group's post-tax loss would have been HK$2,145,000 higher (2008: post-tax profit would be HK$961,000 lower).

At 31 March 2009, if the prices of the available-for-sale financial assets had been 10% higher/lower with all other variables held constant, the Group's equity would have been HK$2,507,000 (2008: HK$121,000) higher/lower, respectively.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1. Financial risk factors *(Continued)*

(d) Credit risk

The Group's credit risk arises from cash and cash equivalents and financial assets at fair value through profit or loss, as well as credit exposures to trade and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis. Deposits are placed with major and sizeable banks. Sales to retail customers are made in cash or via major credit cards. The Group has put in place policies to ensure that wholesale sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. As at 31 March 2009 and 2008, all the financial assets at fair value through profit or loss were entered into with those financial institutions which management believes are of high credit quality. Management does not expect any losses from non-performance by these counterparties.

The maximum exposure to credit risk at the reporting dates is the fair value of each class of cash and cash equivalents, trade and other receivables.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the earliest date on which the Group can be required to pay.

	Within 1 year *HK$'000*	Between 1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
As at 31 March 2009				
Trade payables	**116,559**	**—**	**—**	**116,559**
Other payables, accruals and other current liabilities	**56,950**	**787**	**—**	**57,737**
Borrowings	**22,560**	**—**	**—**	**22,560**
	196,069	**787**	**—**	**196,856**
As at 31 March 2008				
Trade payables	85,589	—	—	85,589
Other payables, accruals and other current liabilities	34,888	8,431	—	43,319
	120,477	8,431	—	128,908

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2. Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, equity-linked notes) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.3. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, obtain new bank borrowings, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2009, the Group's strategy was to maintain a gearing ratio within 5%. The gearing ratios at 31 March 2009 and 2008 were as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Total borrowings	**22,525**	—
Total assets	**893,289**	944,059
Gearing ratio	**2.5%**	—

Note: The calculation of gearing ratio is based on the total borrowings divided by total assets as at 31 March.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful life of trademark

Estimated useful life of the Group's trademark is 20 years. This conclusion is supported by the fact that the trademark is approximately 20 years in duration, with reference to well known and long established brand and based on past and future financial performance of the trademark. It is expected to generate positive cash flows for 20 years. The assumptions could change significantly as a result of changes in the shoewear industry or competitor actions in response to severe industry cycles. Under HKAS 38, the Group re-evaluates the useful life of trademark each year to determine whether events and circumstances continue to support the view of the estimated useful life of the trademark.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of any future management determination of shop relocation or renovation. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down non-strategic assets that have been abandoned or sold.

(c) Estimated write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of inventories and write-downs of inventories in the years in which such estimates have been changed.

(d) Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. The calculations require the use of judgements and estimates.

(f) Fair values of financial assets at fair value through profit or loss

The fair values of financial assets at fair value through profit or loss that are not traded in an active market are determined by using valuation techniques, such as Monte-Carlo simulation approach. The fair values derived from these valuation techniques are based on a number of assumptions which will impact the fair value determined and the amount recorded in the consolidated balance sheet.

5. SEGMENT INFORMATION

(a) Primary reporting format — business segments

The Group is organised into two main business segments operating in Hong Kong, Mainland China and Taiwan:

(i) Operation of chains of retail outlets for footwear; and
(ii) Sale of a range of footwear on a wholesale basis.

Segment assets consist primarily of leasehold land, property, plant and equipment, intangible assets, rental deposits, inventories, receivables and operating cash. They exclude investment property, tax recoverable, deferred income tax assets, available-for-sale financial assets, financial assets at fair value through profit or loss and interests in joint ventures.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation payable, borrowings and deferred income tax liabilities.

Capital expenditure comprises additions to leasehold land, property, plant and equipment, investment property and intangible assets.

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format — business segments *(Continued)*

The segment results for the year ended 31 March 2009 are as follows:

	For the year ended 31 March 2009			
	Retail	Wholesales	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Sales of goods	1,022,310	21,203	—	1,043,513
Segment results	15,235	5,169	—	20,404
Unallocated				(107,690)
				(87,286)
Finance income				4,486
Finance costs				(478)
Share of losses of jointly controlled entities				(1,422)
Income tax expense				(5,355)
Loss for the year				(90,055)

Other segment items are as follows:

	Retail	Wholesales	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	119,751	482	—	120,233
Depreciation of property, plant and equipment	40,610	81	339	41,030
Depreciation of investment property	13	—	—	13
Amortisation of leasehold land	—	—	487	487
Amortisation of intangible assets	4,753	—	—	4,753
Net provision for inventories	7,410	—	—	7,410

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format — business segments *(Continued)*

The segment assets and liabilities at 31 March 2009 are as follows:

	Retail *HK$'000*	Wholesales *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment assets	**804,302**	**7,352**	**62,723**	**874,377**
Deferred income tax assets				**18,826**
Tax recoverable				**86**
Total assets				**893,289**
Segment liabilities	**167,022**	**6,124**	**23,526**	**196,672**
Deferred income tax liabilities				**260**
Taxation payable				**6,953**
Total liabilities				**203,885**

The segment results for the year ended 31 March 2008 are as follows:

	For the year ended 31 March 2008			
	Retail *HK$'000*	Wholesales *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Turnover				
Sales of goods	905,479	24,627	—	930,106
Segment results	143,900	8,255	—	152,155
Unallocated				(77,913)
				74,242
Finance income				35,365
Finance costs				(3,120)
Share of losses of jointly controlled entities				(192)
Income tax expense				(11,621)
Profit for the year				94,674

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format — business segments *(Continued)*

The segment results for the year ended 31 March 2008 are as follows: *(Continued)*

Other segment items are as follows:

	Retail *HK$'000*	Wholesales *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Capital expenditure	34,660	—	—	34,660
Depreciation of property, plant and equipment	24,600	—	—	24,600
Amortisation of leasehold land	—	—	518	518
Amortisation of intangible assets	3,479	—	—	3,479
Net write-back of provision for inventories	(2,151)	—	—	(2,151)

The segment assets and liabilities at 31 March 2008 are as follows:

	Retail *HK$'000*	Wholesales *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment assets	904,621	5,606	22,308	932,535
Deferred income tax assets				8,129
Tax recoverable				3,395
Total assets				944,059
Segment liabilities	125,593	—	1,317	126,910
Deferred income tax liabilities				340
Taxation payable				4,264
Total liabilities				131,514

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

(b) Secondary reporting format — geographical segments

The Group primarily operates in Hong Kong, Mainland China and Taiwan. The Group's turnover by geographical locations is determined by the country in which the customers are located.

	2009	2008
	HK$'000	*HK$'000*
Revenue:		
Hong Kong	**298,051**	346,773
Mainland China	**732,383**	573,497
Taiwan	**10,793**	—
Others	**2,286**	9,836
	1,043,513	930,106

Total assets are allocated based on where the assets are located.

	2009	2008
	HK$'000	*HK$'000*
Segment assets:		
Hong Kong	**323,511**	629,554
Mainland China	**471,833**	303,228
Taiwan	**15,702**	—
	811,046	932,782
Unallocated assets	**82,243**	11,277
	893,289	944,059

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

(b) Secondary reporting format — geographical segments *(Continued)*

Capital expenditure is allocated based on where the assets are located.

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**85,300**	14,281
Mainland China	**33,897**	20,379
Taiwan	**1,036**	—
	120,233	34,660

6. LEASEHOLD LAND

The Group's interests in leasehold land in Hong Kong held on leases of between 40 to 50 years represent prepaid operating lease payments and their net book value are analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Opening net book amount	**18,877**	35,196
Disposals	**—**	(15,801)
Amortisation	**(487)**	(518)
Closing net book amount	**18,390**	18,877

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Buildings HK$'000	Leasehold improve-ments HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
At 1 April 2007						
Cost	19,539	41,425	3,017	15,466	4,231	83,678
Accumulated depreciation	(3,969)	(24,228)	(2,778)	(10,158)	(1,484)	(42,617)
Net book amount	15,570	17,197	239	5,308	2,747	41,061
Year ended 31 March 2008						
Opening net book amount	15,570	17,197	239	5,308	2,747	41,061
Exchange differences	—	824	6	130	120	1,080
Additions	—	29,054	1,739	2,157	1,413	34,363
Disposals	(1,881)	(6,008)	—	(9)	(30)	(7,928)
Depreciation	(354)	(21,805)	(233)	(1,332)	(876)	(24,600)
Impairment	—	(1,492)	—	(36)	(37)	(1,565)
Closing net book amount	13,335	17,770	1,751	6,218	3,337	42,411
At 31 March 2008						
Cost	17,555	65,695	4,765	17,767	5,720	111,502
Accumulated depreciation and impairment	(4,220)	(47,925)	(3,014)	(11,549)	(2,383)	(69,091)
Net book amount	13,335	17,770	1,751	6,218	3,337	42,411

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Group *(Continued)*

	Buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Year ended 31 March 2009						
Opening net book amount	13,335	17,770	1,751	6,218	3,337	42,411
Transfer to investment property	(417)	—	—	—	—	(417)
Exchange differences	—	54	(5)	15	2	66
Additions	—	37,342	986	2,180	4,855	45,363
Acquisition of a subsidiary *(Note 36)*	—	515	418	78	34	1,045
Disposals	—	(490)	—	(153)	(35)	(678)
Depreciation	(339)	(37,145)	(612)	(1,557)	(1,377)	(41,030)
Impairment	—	(1,885)	—	—	—	(1,885)
Closing net book amount	12,579	16,161	2,538	6,781	6,816	44,875
At 31 March 2009						
Cost	16,903	95,173	6,163	19,388	10,479	148,106
Accumulated depreciation and impairment	(4,324)	(79,012)	(3,625)	(12,607)	(3,663)	(103,231)
Net book amount	12,579	16,161	2,538	6,781	6,816	44,875

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(b) Depreciation of the Group's property, plant and equipment has been charged to the consolidated income statement as follows:

	2009	2008
	HK$'000	*HK$'000*
Selling and distribution costs	**36,910**	22,059
Administrative expenses	**4,120**	2,541
	41,030	24,600

(c) Company

	Motor vehicle	
	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year		
Cost	**1,580**	—
Accumulated depreciation	**(165)**	—
Net book amount	**1,415**	—
During the year		
Opening net book amount	**1,415**	—
Additions	**—**	1,580
Depreciation	**(353)**	(165)
Closing net book amount	**1,062**	1,415
At the end of the year		
Cost	**1,580**	1,580
Accumulated depreciation	**(518)**	(165)
Net book amount	**1,062**	1,415

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(d) Property, plant and equipment held under finance lease

Motor vehicle includes the following amounts of which the Company is a lessee under a finance lease:

	Group and Company	
	2009	2008
	HK$'000	*HK$'000*
Cost — capitalised finance lease	**1,580**	1,580
Accumulated depreciation	**(518)**	(165)
	1,062	1,415

The Company leased a motor vehicle under non-cancellable finance lease agreement. The lease term is 5 years and ownership of the assets lie within the Group.

8. INVESTMENT PROPERTY

	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year		
Cost	**—**	—
Accumulated depreciation	**—**	—
Net book amount	**—**	—
During the year		
Opening net book amount	**—**	—
Transfer from property, plant and equipment	**417**	—
Depreciation	**(13)**	—
Closing net book amount	**404**	—
At the end of the year		
Cost	**417**	—
Accumulated depreciation	**(13)**	—
Net book amount	**404**	—

Notes to the Consolidated Financial Statements

8. INVESTMENT PROPERTY *(Continued)*

The fair value of the investment property was HK$760,000 as at 31 March 2009. The valuation was performed by DTZ Debenham Tie Leung Limited, an independent professional valuer. The valuation was based on current prices in an active market for all properties.

The Group's interests in the investment property, including leasehold land, are held in Hong Kong with leases up to 2047.

Depreciation of the Group's investment property has been charged to the administrative expenses in the consolidated income statement.

Notes to the Consolidated Financial Statements

9. INTANGIBLE ASSETS

	Trademark *HK$'000*	Licence fees *HK$'000*	Computer software *HK$'000*	Total *HK$'000*
At 1 April 2007				
Cost	—	14,578	2,132	16,710
Accumulated amortisation	—	(1,261)	(1,410)	(2,671)
Net book amount	—	13,317	722	14,039
Year ended 31 March 2008				
Opening net book amount	—	13,317	722	14,039
Exchange differences	—	—	9	9
Additions	—	168	129	297
Amortisation	—	(3,171)	(308)	(3,479)
Closing net book amount	—	10,314	552	10,866
At 31 March 2008				
Cost	—	14,746	2,255	17,001
Accumulated amortisation	—	(4,432)	(1,703)	(6,135)
Net book amount	—	10,314	552	10,866
Year ended 31 March 2009				
Opening net book amount	—	10,314	552	10,866
Exchange differences	—	—	1	1
Additions	69,566	1,992	3,312	74,870
Derecognition *(note)*	—	(9,622)	—	(9,622)
Disposals	—	—	(12)	(12)
Amortisation	(1,739)	(2,432)	(582)	(4,753)
Closing net book amount	67,827	252	3,271	71,350
At 31 March 2009				
Cost	69,566	513	5,528	75,607
Accumulated amortisation	(1,739)	(261)	(2,257)	(4,257)
Net book amount	67,827	252	3,271	71,350

Notes to the Consolidated Financial Statements

9. INTANGIBLE ASSETS *(Continued)*

Amortisation of the intangible assets has been charged to the income statement as follows:

	2009	2008
	HK$'000	*HK$'000*
Cost of sales	**2,432**	3,171
Selling and distribution costs	**33**	48
Administrative expenses	**2,288**	260
	4,753	3,479

Note:

Trademark represents the trademark of "ACUPUNCTURE" acquired in October 2008. Before the acquisition, the Group had a licence agreement with the then licence owner and was granted the right to use this trademark. The minimum licence fee payment previously capitalised as an intangible asset was derecognised upon the acquisition of the trademark.

10. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	**10,000**	10,000
Amounts due from subsidiaries *(Note a)*	**633,282**	369,013
	643,282	379,013

Notes:

(a) Amounts due from subsidiaries are unsecured and non-interest bearing, and have no fixed terms of repayment.

(b) Particulars of the principal subsidiaries of the Group are set out in Note 39.

Notes to the Consolidated Financial Statements

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year	**1,318**	—
Exchange differences	**(3)**	—
Share of losses	**(1,422)**	(192)
Additional investments in jointly controlled entities *(note)*	**107**	1,510
At the end of the year	**—**	1,318

Details of the jointly controlled entities as at 31 March 2008 are as follows:

Name	**Place of incorporation/ establishment and operation**	**Particulars of paid-up/ registered capital**	**Interest held indirectly**	**Principal activities**
Main Legend Investment Limited	Hong Kong	10,000 ordinary shares of HK$1 each	50%	Investment holding
EPICA International Trading (Shenzhen) Company Limited (伊比嘉國際貿易(深圳)有限公司)[1]	The PRC	HK$600,000	50%	Wholesale and trading of footwear

[1] The English name of 伊比嘉國際貿易(深圳)有限公司 the jointly controlled entity represents the direct translation of its Chinese name as it does not have an official English name.

Note:

On 1 December 2008, the Group acquired the remaining 50% shareholdings of these jointly controlled entities at a cash consideration of HK$107,000.

Notes to the Consolidated Financial Statements

12. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority. The offset amounts are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Deferred income tax assets	**18,826**	8,129
Deferred income tax liabilities	**(260)**	(340)
	18,566	7,789

The gross movement on the deferred income tax account is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year	**7,789**	766
Exchange differences	**1**	15
Credited to the income statement *(Note 31)*	**10,776**	7,008
At the end of the year	**18,566**	7,789

Notes to the Consolidated Financial Statements

12. DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Group			
	Tax depreciation allowance *HK$'000*	**Provisions** *HK$'000*	**Tax losses** *HK$'000*	**Total** *HK$'000*
As at 1 April 2007	858	203	—	1,061
Exchange differences	—	15	—	15
Credited to the income statement	1,265	5,788	—	7,053
As at 31 March 2008	2,123	6,006	—	8,129
Exchange differences	—	1	—	1
(Charged)/credited to the income statement	(455)	2,822	8,329	10,696
As at 31 March 2009	1,668	8,829	8,329	18,826

Deferred income tax liabilities:

	Group Tax depreciation allowance *HK$'000*
As at 1 April 2007	295
Charged to the income statement	45
As at 31 March 2008	340
Credited to the income statement	(80)
As at 31 March 2009	260

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The tax losses will expire up to 2014 under current tax legislation. There was no material unprovided deferred tax as at 31 March 2009 (2008: Nil).

Notes to the Consolidated Financial Statements

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year	**1,211**	1,168
Additions	**59,938**	—
Disposals	**(6,170)**	—
Net losses transferred from equity upon disposal	**(128)**	—
Fair value (losses)/gains recognised in equity	**(29,786)**	43
At the end of the year	**25,065**	1,211

Available-for-sale financial assets represent preference shares issued by financial institutions. These shares are listed on the London Stock Exchange and the New York Stock Exchange amounting to HK$12,597,000 and HK$12,468,000 respectively. The available-for-sale financial assets are denominated in United States dollar.

The maximum exposure to credit risk at the reporting date is the fair value of the securities classified as available-for-sale.

14. INVENTORIES — GROUP

Inventories represent merchandising stock.

The cost of inventories recognised as expenses and included in cost of sales during the year amounted to HK$468,829,000 (2008: HK$382,098,000).

The Group has written back provisions of HK$4,515,000 (2008: HK$4,750,000) relating to those inventories that were subsequently sold during the year. The write-backs have been recognised in cost of sales in the income statement.

15. TRADE RECEIVABLES

Retail sales are in cash, by credit cards or collected by department stores on behalf of the Group. The department stores normally settle the proceeds to the Group within 2 months from the date of sales.

Wholesales are generally on credit terms ranging from 0 to 30 days.

Notes to the Consolidated Financial Statements

15. TRADE RECEIVABLES *(Continued)*

Ageing analysis of trade receivables by invoice date at the balance sheet date is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**96,927**	85,840
31 — 60 days	**4,071**	5,667
61 — 90 days	**2,724**	2,819
Over 90 days	**5,854**	2,781
	109,576	97,107

At 31 March 2009, trade receivables of HK$24,526,000 (2008: HK$18,281,000) were past due. These relate to a number of independent customers for whom there is no recent history of default. No impairment provision has been made for both years. The ageing analysis of these trade receivables is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
1 — 30 days	**13,429**	10,180
31 — 60 days	**3,064**	3,507
61 — 90 days	**3,041**	1,960
Over 90 days	**4,992**	2,634
	24,526	18,281

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group	
	2009	2008
	HK$'000	*HK$'000*
— Hong Kong dollar	**5,691**	8,109
— Renminbi	**102,033**	88,998
— New Taiwan dollar	**1,852**	—
	109,576	97,107

Notes to the Consolidated Financial Statements

15. TRADE RECEIVABLES *(Continued)*

The carrying amount of trade receivables approximates its fair value.

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables. The Group does not hold any collateral as security.

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits	**47,437**	41,545	**—**	—
Prepayments	**6,023**	14,972	**253**	—
Other receivables	**19,349**	4,937	**—**	457
	72,809	61,454	**253**	457
Less: non-current rental deposits	**(20,260)**	(20,378)	**—**	—
	52,549	41,076	**253**	457
Denominated in:				
Hong Kong dollar	**39,604**	45,354	**253**	457
Renminbi	**33,169**	16,100	**—**	—
New Taiwan dollar	**36**	—	**—**	—
	72,809	61,454	**253**	457

The carrying amounts of deposits, prepayments and other receivables approximate their fair values. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables. The Group does not hold any collateral as security. The above receivables do not contain impaired assets.

Notes to the Consolidated Financial Statements

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year	**19,779**	—
Additions	**50,140**	20,000
Disposals	**(19,779)**	—
Fair value losses *(Note 26)*	**(12,482)**	(221)
At the end of the year	**37,658**	19,779
Denominated in:		
Hong Kong dollar	**27,850**	19,779
United States dollar	**9,808**	—
	37,658	19,779

It represents investment in unlisted equity-linked notes issued by a financial institution in Hong Kong.

The fair value of the notes is estimated by Monte-Carlo simulation approach based on risk free rates ranged from 0.69% to 1.93% (2008: 1.98%) per annum, stock return volatility ranged from 50.2% to 66.1% (2008: 22.15%) per annum and dividend yield ranged from 2.46% to 5.78% (2008: 1.17%) per annum.

18. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group		**Company**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and on hand	**127,651**	65,460	**1,257**	618
Short-term bank deposits	**50,324**	386,771	**—**	274,881
Cash and cash equivalents	**177,975**	452,231	**1,257**	275,499
Restricted cash	**—**	10,000	**—**	—
	177,975	462,231	**1,257**	275,499

Notes to the Consolidated Financial Statements

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH *(Continued)*

Cash and cash equivalents in the balance sheets are denominated in the following currencies:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollar	**60,346**	406,823	**1,232**	275,499
Renminbi	**85,916**	54,142	**—**	—
United States dollar	**30,431**	1,266	**25**	—
Others	**1,282**	—	**—**	—
	177,975	462,231	**1,257**	275,499

The weighted average effective interest rate on short-term bank deposits, with maturity of 30 days, was 0.57% (2008: 1.62%) per annum for the year.

The Group's cash and bank balances denominated in Renminbi ("RMB") are placed with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

20. SHARE CAPITAL AND PREMIUM

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$'000*	**Share premium** *HK$'000*	**Total** *HK$'000*
Authorised					
At 1 April 2007, ordinary shares of HK$0.1 each		3,900,000	390	—	390
Increase in authorised share capital	*(a)*	8,996,100,000	899,610	—	899,610
At 31 March 2008 and 2009		9,000,000,000	900,000	—	900,000

Notes to the Consolidated Financial Statements

20. SHARE CAPITAL AND PREMIUM *(Continued)*

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$'000*	**Share premium** *HK$'000*	**Total** *HK$'000*
Issued and fully paid					
At 1 April 2007, ordinary share of HK$0.1		1	—	—	—
Issue of shares arising from reorganisation	*(b)*	99,999,999	10,000	—	10,000
Capitalisation of share premium account	*(c)*	350,000,000	35,000	(35,000)	—
Issue of shares in connection with the listing	*(d)*	172,500,000	17,250	648,600	665,850
Listing expenses		—	—	(51,530)	(51,530)
At 31 March 2008 and 2009		622,500,000	62,250	562,070	624,320

Notes:

(a) On 21 May 2007, the authorised share capital of the Company was increased from HK$390,000 to HK$900,000,000 by the creation of an addition of 8,996,100,000 shares of HK$0.10 each.

(b) On 21 May 2007, the Company acquired the entire issued share capital of Genius Earn Investments Limited and the consideration of which was satisfied by the issue and allotment of 99,999,999 shares to Smart Presto Holdings Limited, the then immediate holding company of the Group.

(c) On 6 June 2007, pursuant to the written resolution of shareholders of the Company passed on 4 June 2007, 350,000,000 ordinary shares of the Company were issued at par as fully paid to shareholders whose names appeared on the register of members of the Company on 21 May 2007 in proportion to their then existing shareholding in the Company. The amount was paid up in full by applying an amount of HK$35,000,000 standing to the credit of the share premium account of the Company.

(d) On 7 June 2007, the Company issued 150,000,000 ordinary shares of HK$0.10 each at HK$3.86 per share in connection with the listing, and raised gross proceeds of approximately HK$579,000,000. Besides, on 26 June 2007, pursuant to the exercise of the over-allotment option, additional 22,500,000 ordinary shares of HK$0.10 each were issued at HK$3.86 per share and raised gross proceeds of HK$86,850,000.

Notes to the Consolidated Financial Statements

20. SHARE CAPITAL AND PREMIUM *(Continued)*

Share options:

Share options are granted to directors and to selected employees under the Pre-IPO share option scheme. The exercise price of the granted options is equal to 80% of the offer price for initial public offering. Options are conditional on the employee completing one to three year's service (the vesting period). The options are exercisable starting one to three years from the listing date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK dollar per share	Options (thousands)
At 1 April 2007	—	—
Granted on 22 May 2007	3.09	15,000
Forfeited	—	(4,186)
At 31 March 2008	3.09	10,814
Forfeited	—	(1,434)
At 31 March 2009	3.09	9,380

Notes to the Consolidated Financial Statements

20. SHARE CAPITAL AND PREMIUM *(Continued)*

Share options outstanding (in thousands) at the end of the year have the following vesting date, expiry date and exercise price:

		Exercise price	Share options	
Vesting date	**Expiry date**	**HK dollar per share**	**2009**	**2008**
10 February 2008	9 February 2009	3.09	—	1,314
7 June 2008	6 June 2011	3.09	**2,814**	2,850
7 June 2009	6 June 2012	3.09	**2,814**	2,850
7 June 2010	6 June 2013	3.09	**3,752**	3,800
			9,380	10,814

The weighted average fair value of options granted in 2008 determined using the binomial lattice model was HK$1.74 per option. The significant inputs into the model were weighted average share price of HK$3.86, at the grant date, the exercise price shown above, volatility of 33.18% and annual risk-free interest rate of 4.01% to 4.08%. Total share option expense of HK$4,754,000 (2008: HK$8,267,000) was recognised in the income statement.

Share award:

For the purpose of the Company's initial public offering in June 2007, the controlling shareholder of the Company, Smart Presto Holdings Limited had granted 1,235,000 shares from its own shareholding to a director and employees before the listing in order to provide reward to the director and employees who have contributed to the Group's business development.

The shares granted as aforesaid represent approximately 0.20% of the Company's total issued share capital immediately after the date of listing.

The Company is required to recognise the value of such shares as a non-cash employee benefit expense on a straight line basis over the relevant vesting period. Total share expense of HK$1,284,000 (2008: HK$1,929,000), based on the offer price of HK$3.86 per share, was recognised in the income statement for the year ended 31 March 2009. A corresponding amount was credited as share based compensation reserve under equity in the financial statements of the Company.

Notes to the Consolidated Financial Statements

21. RESERVES

(a) Group

	Merger reserve (Note i) HK$'000	Statutory reserves (Note ii) HK$'000	Foreign currency translation reserve HK$'000	Available-for-sale investment reserve HK$'000	Share-based compen-sation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2007	22,002	5,412	2,529	(2)	—	100,078	130,019
Fair value gains of available-for-sale financial assets *(Note 13)*	—	—	—	43	—	—	43
Currency translation differences	—	—	13,791	—	—	—	13,791
Profit for the year	—	—	—	—	—	94,674	94,674
Transfer	—	5,358	—	—	—	(5,358)	—
Share option scheme — value of employee services *(Note 20)*	—	—	—	—	8,267	—	8,267
Share award *(Note 20)*	—	—	—	—	1,929	—	1,929
Dividends *(Note 34)*	—	—	—	—	—	(60,498)	(60,498)
Balance at 31 March 2008	22,002	10,770	16,320	41	10,196	128,896	188,225
Fair value losses of available-for-sale financial assets *(Note 13)*	—	—	—	(29,914)	—	—	(29,914)
Currency translation differences	—	—	114	—	—	—	114
Loss for the year	—	—	—	—	—	(89,384)	(89,384)
Transfer	—	5,427	—	—	—	(5,427)	—
Share option scheme — value of employee services *(Note 20)*	—	—	—	—	4,754	—	4,754
Share award *(Note 20)*	—	—	—	—	1,284	—	1,284
Dividends *(Note 34)*	—	—	—	—	—	(9,337)	(9,337)
Balance at 31 March 2009	22,002	16,197	16,434	(29,873)	16,234	24,748	65,742

Notes to the Consolidated Financial Statements

21. RESERVES *(Continued)*

(a) Group *(Continued)*

Notes:

(i) The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries transferred to the Company in connection with the reorganisation for the listing of the shares of the Company.

(ii) Subsidiary companies which are established in the PRC are required to make appropriations to certain statutory reserves from profit for the year after offsetting accumulated losses from prior years and before profit distribution to equity holders. The percentages to be appropriated to such statutory reserve funds are determined according to the relevant regulations in the PRC or at the discretion of the board of the respective companies. Such statutory reserves can only be used to offset accumulated losses, to increase capital, or for special bonus or collective welfare of employees. These statutory reserves cannot be distributed to equity holders of the Company.

(b) Company

	Retained earnings *HK$'000*	Share-based compensation reserve *HK$'000*	Total *HK$'000*
At 1 April 2007	—	—	—
Profit for the year	28,087	—	28,087
Dividends *(Note 34)*	(9,337)	—	(9,337)
Share option scheme — value of employee services *(Note 20)*	—	8,267	8,267
Share award *(Note 20)*	—	1,929	1,929
At 31 March 2008	18,750	10,196	28,946
Loss for the year	(5,621)	—	(5,621)
Dividends *(Note 34)*	(9,337)	—	(9,337)
Share option scheme — value of employee services *(Note 20)*	—	4,754	4,754
Share award *(Note 20)*	—	1,284	1,284
At 31 March 2009	3,792	16,234	20,026

Notes to the Consolidated Financial Statements

22. BORROWINGS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current		
Short-term bank loans — secured	**22,525**	—

As at 31 March 2009, the bank borrowings were secured by the Group's standby letter of credit amounting to HK$24,000,000.

The Group's borrowings were repayable within one year.

The carrying amounts of the Group's borrowings are denominated in RMB.

The weighted average effective interest rate of the Group's borrowings is 6.22% (2008: Nil) per annum.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates as at 31 March 2009 is as follows:

	2009	2008
	HK$'000	*HK$'000*
6 months or less	**22,525**	—

The carrying amounts of short-term bank borrowings approximate their fair values.

As at 31 March 2009, the Group had aggregate banking facilities of approximately HK$228,000,000 (2008: HK$236,500,000) of which approximately HK$179,139,000 (2008: HK$225,092,000) was not utilised.

Notes to the Consolidated Financial Statements

23. OBLIGATION UNDER FINANCE LEASE

	Group and Company	
	2009	2008
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments:		
Within one year	**363**	363
In the second to fifth year inclusive	**787**	1,150
	1,150	1,513
Less: Future finance charges	**(149)**	(196)
Present value of obligation under finance lease	**1,001**	1,317

	Group and Company	
	2009	2008
	HK$'000	*HK$'000*
The present value of finance lease liabilities is as follows:		
Within one year	**316**	316
In the second to fifth year inclusive	**685**	1,001
Present value of obligation under finance lease	**1,001**	1,317

The weighted average effective interest rate of the Group's obligation under finance lease at 31 March 2009 is 2.98% (2008: 2.98%) per annum.

Interest rate is fixed at the contract date. The lease was on a fixed repayment basis. The Group's obligation under finance lease is secured by the lessor's charge over the leased asset. The carrying amount of the obligation under finance lease approximates its fair value and is denominated in Hong Kong dollar.

Notes to the Consolidated Financial Statements

24. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**116,559**	85,589	**—**	—
Accruals and other payables	**56,587**	30,363	**1,507**	1,801
	173,146	115,952	**1,507**	1,801

The ageing analysis of the Group's trade payables is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**112,574**	79,325
31 — 60 days	**2,918**	2,733
61 — 90 days	**180**	1,489
Over 90 days	**887**	2,042
	116,559	85,589

The amounts are repayable according to normal trade terms from 30 to 90 days.

The carrying amounts of the Group's and the Company's trade payables, accruals and other payables are denominated in the following currencies:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollar	**35,830**	42,723	**1,507**	1,801
Renminbi	**126,023**	73,229	**—**	—
New Taiwan dollar	**11,293**	—	**—**	—
	173,146	115,952	**1,507**	1,801

Notes to the Consolidated Financial Statements

25. EXPENSES BY NATURE

	2009 HK$'000	2008 HK$'000
Purchase of and changes in inventories	**468,829**	382,098
Auditor's remuneration	**2,201**	1,161
Amortisation of leasehold land *(Note 6)*	**487**	518
Depreciation of property, plant and equipment *(Note 7)*		
— owned assets	**40,677**	24,435
— leased assets	**353**	165
Impairment of property, plant and equipment *(Note 7)*	**1,885**	1,565
Amortisation of intangible assets *(Note 9)*	**4,753**	3,479
Operating lease rental in respect of leasehold land and buildings		
— minimum lease payments	**40,288**	37,648
— turnover rental expenses	**266,722**	197,624
Advertising and promotion expenses	**25,018**	21,887
Net provisions for/(write-back of) inventories	**7,410**	(2,151)
Employee benefit expenses *(Note 28)*	**185,949**	134,357
Other expenses	**86,296**	63,580
Total cost of sales, selling and distribution costs and administrative expenses	**1,130,868**	866,366

Expenses by nature of the Group has been presented in the consolidated income statement as follows;

	2009 HK$'000	2008 HK$'000
Cost of sales	**476,239**	379,947
Selling and distribution costs	**549,798**	408,506
Administrative expenses	**104,831**	77,913
	1,130,868	866,366

26. OTHER (LOSSES)/GAINS — NET

	2009 HK$'000	2008 HK$'000
Financial assets at fair value through profit or loss — fair value losses *(Note 17)*	**(12,482)**	(221)
Gain on disposal of available-for-sale financial assets	**172**	—
Gain on disposal of financial assets at fair value through profit or loss	**221**	—
(Loss)/gain on disposal of leasehold land and property, plant and equipment	**(678)**	2,046
Loss on disposal of intangible assets	**(12)**	—
Government subsidies	**818**	1,136
Net foreign exchange gains	**3,490**	—
	(8,471)	2,961

Government subsidies represent incentives received from the PRC tax authority for investment in Waigaoqiao Bonded Area of Shanghai in the PRC.

Notes to the Consolidated Financial Statements

27. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Dividend income on available-for-sale financial assets	**3,984**	—
Interest income on financial assets at fair value through profit or loss	**1,757**	761
License fee income	**609**	1,397
Royalty income	**1,054**	4,629
Others	**1,136**	754
	8,540	7,541

28. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2009 HK$'000	2008 HK$'000
Salaries, wages and bonuses	**163,407**	119,728
Pension costs — defined contribution plans	**14,916**	8,748
Welfare and other expenses	**7,626**	5,881
	185,949	134,357

29. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate of emoluments paid/payable to directors of the Group are as follows:

	2009 HK$'000	2008 HK$'000
Fees	**620**	620
Basic salaries, housing allowances, other allowances and benefits-in-kind	**4,958**	4,212
Discretionary bonuses	**—**	620
Share options and share award	**3,788**	8,180
Contributions to pension plans	**36**	41
	9,402	13,673

Notes to the Consolidated Financial Statements

29. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

The emoluments of each director for the year ended 31 March 2009 are set out below:

	Fees	Basic salaries, housing allowance, other allowances and benefits-in-kind	Share options and share award	Discretionary bonuses	Contributions to pension plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:						
Ms. Chan Mei Sheung	—	2,033	1,799	—	12	3,844
Mr. Kiu Wai Ming	—	1,560	1,014	—	12	2,586
Mr. Chu Yin Man	—	1,365	975	—	12	2,352
Non-executive directors:						
Mr. Sze Tsai Ping, Michael	220	—	—	—	—	220
Dr. Fan Yiu Kwan, JP	200	—	—	—	—	200
Mr. Tsang Link Carl, Brian	200	—	—	—	—	200
	620	4,958	3,788	—	36	9,402

The emoluments of each director for the year ended 31 March 2008 are set out below:

	Fees	Basic salaries, housing allowance, other allowances and benefits-in-kind	Share options and share award	Discretionary bonuses	Contributions to pension plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:						
Mr. Huang Wen Yi	—	1,241	2,089	120	11	3,461
Ms. Chan Mei Sheung	—	1,062	2,908	200	12	4,182
Mr. Kiu Wai Ming	—	766	1,638	100	6	2,510
Mr. Chu Yin Man	—	1,143	1,545	200	12	2,900
Non-executive directors:						
Mr. Sze Tsai Ping, Michael	220	—	—	—	—	220
Dr. Fan Yiu Kwan, JP	200	—	—	—	—	200
Mr. Tsang Link Carl, Brian	200	—	—	—	—	200
	620	4,212	8,180	620	41	13,673

Notes to the Consolidated Financial Statements

29. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year include three directors (2008: four) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals are as follows:

	2009	2008
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,381**	422
Discretionary bonuses	**—**	30
Share options and share award	**—**	433
Contributions to pension plans	**19**	12
	1,400	897

The emoluments fell within the following bands:

	2009	2008
Nil to HK$1,000,000	**2**	1
	2	1

(c) No emoluments have been paid to or are receivable by the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2008: Nil).

Notes to the Consolidated Financial Statements

30. FINANCE INCOME AND COSTS

	2009	2008
	HK$'000	*HK$'000*
Finance income		
— Interest income from deposits relating to share subscription under the new listing *(Note)*	**—**	18,690
— Interest income on short-term bank deposits	**4,346**	15,411
— Net foreign exchange gains	**140**	1,264
	4,486	35,365
Finance costs		
— Interest on bank borrowings	**(431)**	(3,080)
— Interest on obligation under finance lease	**(47)**	(39)
— Interest on overdue payables	**—**	(1)
	(478)	(3,120)
Finance income, net	**4,008**	32,245

Note: In accordance with the share subscription agreements relating to the listing, the Company is entitled to the interest income earned from bank deposits relating to the share subscription, including over subscription, during the subscription period.

31. INCOME TAX EXPENSE

The amount of income tax expense charged to the income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**108**	2,251
— PRC enterprise income tax	**15,585**	17,026
— Under/(over)-provision in respect of prior years	**438**	(648)
	16,131	18,629
Deferred income tax *(Note 12)*	**(10,776)**	(7,008)
	5,355	11,621

Notes to the Consolidated Financial Statements

31. INCOME TAX EXPENSE *(Continued)*

Taxation has been provided at the appropriate rates prevailing in the countries in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

The National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC is unified at 25%, with certain grandfathering provisions and preferential provisions.

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to (losses)/profits of the consolidated entities as follows:

	2009 ***HK$'000***	2008 *HK$'000*
(Loss)/profit before income tax	**(84,700)**	106,295
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(16,160)**	19,300
Income not subject to tax	**(1,381)**	(8,506)
Expenses not deductible for tax purposes	**2,705**	1,432
Tax losses not recognised	**19,876**	68
Under/(over)-provision in respect of prior year	**438**	(648)
Effect of change in tax rates	**(123)**	(25)
Tax charge	**5,355**	11,621

The weighted average applicable tax rate was 19% (2008: 18%) for the year.

Deferred income tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefit through the future taxation profits is probable. The Group has unrecognised tax losses of approximately HK$109,103,000 (2008: HK$495,000) to carry forward against future taxable income. For tax losses related to Hong Kong operations, the unrecognised tax losses have no expiry date and are subject to approval by the Hong Kong Inland Revenue Department. For tax losses related to PRC operations, the unrecognised tax losses will expire up to 2014 and are subject to approval by tax authorities in the PRC.

According to the New Tax Law, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at a rate of 5% upon the distribution of such profits of foreign investors incorporated in Hong Kong, or at rate of 10% for other foreign investors. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the year ended 31 March 2009 since the Group plans to reinvest such profits to expand sales network in the PRC and has no plan to distribute such profits in the foreseeable future.

32. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The (loss)/profit attributable to equity holders of the Company is dealt within the financial statements of the Company to the extent of a loss of HK$5,621,000 (2008: profit of HK$28,087,000).

Notes to the Consolidated Financial Statements

33. (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
(Loss)/profit for the year attributable to equity holders of the Company *(HK$'000)*	**(89,384)**	94,674
Weighted average number of ordinary shares in issue *('000)*	**622,500**	589,693
Basic (losses)/earnings per share attributable to equity holders of the Company *(HK cents per share)*	**(14.4)**	16.1

(b) Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There was no dilutive share outstanding at both year ends.

34. DIVIDENDS

On 7 May 2007, Walker Shop Footwear Limited, a wholly-owned subsidiary of the Company, declared and paid an interim dividend of HK$30,561,000 to its shareholders prior to the Group's reorganisation in the preparation for the listing of the Company's shares on the Stock Exchange.

On 12 May 2007, Walker Shop Footwear Limited transferred a residential property to Fine Top Investments Limited, which is beneficially owned by late Mr. Huang Wen Yi and Ms. Chan Mei Sheung, in the form of distribution of interim dividend of HK$20,600,000.

At a meeting held on 11 December 2007, the directors declared an interim dividend of 1.5 HK cents per share, totalling HK$9,337,500 which was paid on 29 January 2008.

At a meeting held on 10 July 2008, the directors declared a final dividend of 1.5 HK cents per ordinary share, totalling HK$9,337,500 which was paid on 11 September 2008.

The Board has resolved not to declare final dividend for the year ended 31 March 2009.

Notes to the Consolidated Financial Statements

35. CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of (loss)/profit before income tax to cash used in operations

	2009 HK$'000	2008 HK$'000
(Loss)/profit before income tax	(84,700)	106,295
Adjustments for:		
— Amortisation of leasehold land	487	518
— Depreciation of property, plant and equipment	41,030	24,600
— Depreciation of investment property	13	—
— Impairment of property, plant and equipment	1,885	1,565
— Amortisation of intangible assets	4,753	3,479
— Loss/(gain) on disposal of leasehold land and property, plant and equipment	678	(2,046)
— Loss on disposal of intangible assets	12	—
— Gain on disposal of available-for-sale financial assets	(172)	—
— Fair value losses on financial assets at fair value through profit or loss	12,482	221
— Interest income on financial assets at fair value through profit or loss	(1,757)	(761)
— Dividend income on available-for-sale financial assets	(3,984)	—
— Interest income	(4,346)	(34,101)
— Interest expense	478	3,120
— Share award and option expenses	6,038	10,196
— Share of losses of jointly controlled entities	1,422	192
	(25,681)	113,278
Changes in working capital		
— Inventories	(90,817)	(47,840)
— Trade receivables	(11,707)	(18,822)
— Deposits, prepayments and other receivables	(9,343)	(17,515)
— Financial assets at fair value through profit or loss	(30,361)	(20,000)
— Restricted cash	10,000	—
— Trade payables	29,631	(5,852)
— Accruals and other payables	16,722	(12,184)
— Amounts due to directors	—	(13,004)
— Amounts due from/(to) related companies	—	(4,490)
Cash used in operations	(111,556)	(26,429)

Notes to the Consolidated Financial Statements

35. CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Proceeds from disposal of leasehold land and property, plant and equipment

In the consolidated cash flow statement, proceeds from disposal of leasehold land and property, plant and equipment comprise:

	2009 HK$'000	2008 HK$'000
Net book amount:		
— Leasehold land *(Note 6)*	—	15,801
— Property, plant and equipment *(Note 7)*	678	7,928
(Loss)/gain on disposal of leasehold land and property, plant and equipment *(Note 26)*	(678)	2,046
Distributed in the form of interim dividend *(Note 34)*	—	(20,600)
Proceeds from disposal of leasehold land and property, plant and equipment	—	5,175

(c) Proceeds from disposal of intangible assets

Proceeds from disposal of intangible assets are calculated as follows:

	2009 HK$'000	2008 HK$'000
Net book amount *(Note 9)*:		
— Disposal	12	—
— Derecognition	9,622	—
Derecognition of licence fee payable	(9,622)	—
Loss on disposal of intangible assets *(Note 26)*	(12)	—
Proceeds from disposal of intangible assets	—	—

(d) Proceeds from disposal of available-for-sale financial assets

In the consolidated cash flow statement, proceeds from disposal of available-for-sale financial assets comprise:

	2009 HK$'000	2008 HK$'000
Carrying amount *(Note 13)*	6,170	—
Gain on disposal of available-for-sale financial assets *(Note 26)*	172	—
Proceeds from disposal of available-for-sale financial assets	6,342	—

Notes to the Consolidated Financial Statements

36. BUSINESS COMBINATION — ACQUISITION OF SUBSIDIARIES

(a) Acquisition of a business of footwear retailing in Taiwan

On 1 October 2008, the Group acquired a business of footwear retailing in Taiwan from Vivid Footwear Incorporation, at a cash consideration of approximately HK$7,735,000 (approximately New Taiwan dollars 32,393,000).

The acquired business contributed revenue and net loss of HK$9,120,000 and HK$1,916,000 respectively to the Group for the period 1 October 2008 to 31 March 2009. If the acquisition had occurred on 1 April 2008, revenue and net loss of the Group for the year ended 31 March 2009 would have been approximately HK$17,903,000 and HK$4,058,000 respectively.

Details of net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	7,735
Less: fair value of net assets acquired	(7,735)
Goodwill	—

The carrying amounts of net assets acquired approximate their fair values as follows:

	Carrying amount *HK$'000*	**Fair value** *HK$'000*
Net assets acquired		
Property, plant and equipment	1,035	1,035
Inventories	6,700	6,700
Carrying amount/fair value of net assets acquired	7,735	7,735

Analysis of net inflow/outflow of cash and cash equivalents in respect of the acquisition:

	HK$'000
Purchase consideration	7,735
Purchase consideration payable	(7,735)
Net cash inflow/outflow of cash and cash equivalents	—

Notes to the Consolidated Financial Statements

36. BUSINESS COMBINATION — ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Additional investments in jointly controlled entities

On 31 December 2008, the Group acquired 50% of the issued share capital of Main Legend Investment Limited, a jointly controlled entity, from Epica Limited, a joint venture partner of Main Legend Investment Limited, at a cash consideration of approximately HK$107,000.

The acquired business contributed revenue and net profit of HK$227,000 and HK$80,000 respectively to the Group for the period from 1 January 2009 to 31 March 2009. If the acquisition had occurred on 1 April 2008, revenue and net loss of the Group for the year ended 31 March 2009 would have been approximately HK$4,172,000 and HK$2,771,000 respectively.

Details of net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	107
Less: fair value of net assets acquired	(107)
Goodwill	—

The carrying amounts of net assets acquired approximate their fair values as follows:

	Carrying amount *HK$'000*	**Fair value** *HK$'000*
Net assets acquired		
Property, plant and equipment	69	10
Inventories	1,289	1,289
Trade receivables	62	62
Other receivables	972	897
Cash and cash equivalents	390	390
Accounts payables	(989)	(989)
Other payables	(1,445)	(1,445)
Carrying amount/fair value of net assets	348	214
Shareholding (50%)		107
Fair value of net assets acquired		107

Analysis of net inflow of cash and cash equivalents in respect of the acquisition:

	HK$'000
Purchase consideration	107
Cash and cash equivalents acquired	(390)
Net cash inflow of cash and cash equivalents	(283)

Notes to the Consolidated Financial Statements

37. COMMITMENTS

(a) Capital commitments

	2009 **HK$'000**	2008 HK$'000
Property, plant and equipment:		
— Contracted but not provided for	**171**	214
— Authorised but not contracted for	**—**	3,020
	171	3,234
Intangible assets:		
— Contracted but not provided for	**3,456**	—
— Authorised but not contracted for	**—**	2,950
	3,456	2,950

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of retail shops, offices, warehouses and furniture, fixtures and equipment are as follows:

	2009 **HK$'000**	2008 HK$'000
Land and buildings		
— No later than one year	**103,452**	99,050
— Later than one year and no later than five years	**58,230**	83,755
	161,682	182,805
Furniture, fixtures and equipment		
— No later than one year	**194**	204
— Later than one year and no later than five years	**620**	560
	814	764
	162,496	183,569

Notes to the Consolidated Financial Statements

37. COMMITMENTS *(Continued)*

(b) Operating lease commitments *(Continued)*

Leases are negotiated for varying terms, escalation clauses and renewal options. The operating lease rentals of certain outlets are based on the higher of a minimum guaranteed rental and a sales level based rental. The above operating lease commitments include commitments for fixed rent only.

In addition, rental payable in some cases include additional rent, calculated according to gross revenue, in excess of the fixed rent.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by Smart Presto Holdings Limited (incorporated in the British Virgin Islands) which owns approximately 72.3% of the Company's shares. The remaining 27.7% of the shares were widely held. The ultimate controlling party of the Group is Ms. Chan Mei Sheung.

During the year, the Group had the following significant transactions with related parties:

	2009 ***HK$'000***	2008 *HK$'000*
(a) Key management compensation		
Basic salaries, housing allowances, other allowances and benefits-in-kind	**10,109**	7,628
Share options and share award	**4,175**	8,575
Contributions to pension plans	**105**	181
	14,389	16,384

Notes to the Consolidated Financial Statements

39. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2009:

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Equity interest held 2009	Equity interest held 2008
Directly held:					
Genius Earn Investments Limited**	The British Virgin Islands, limited liability company	Investment holding in Hong Kong	90 Ordinary shares of US$1 each	**100%**	100%
Indirectly held:					
Artemis Footwear Limited**	Hong Kong, limited liability company	Investment holding in Hong Kong	7,500,000 Ordinary shares of HK$1 each	**65%**	100%
Ascent Pride Investments Limited**	The British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 Ordinary share of US$1	**100%**	100%
Asia Glory Investments Limited**	Hong Kong, limited liability company	Investment holding in Hong Kong	1 Ordinary share of HK$1	**100%**	100%
逸盈國際貿易(上海)有限公司 Billion International Trading (Shanghai) Company Limited**†	PRC, wholly foreign-owned enterprise limited liability company	Retailing of footwear in the PRC	US$140,000	**100%**	100%
Citiward Limited**	Hong Kong, limited liability company	Investment holding in Hong Kong	1 Ordinary share of HK$1	**100%**	100%

Notes to the Consolidated Financial Statements

39. SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Equity interest held 2009	2008
伊比嘉國際貿易（深圳）有限公司 EPICA International Trading (Shenzhen) Company Limited**†	PRC, wholly foreign-owned enterprise limited liability company	Retail of footwear in the PRC	HK$2,400,000	**100%**	50%
Excellent High Investments Limited**	The British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 Ordinary share of US$1	**100%**	100%
Main Legend Investment Limited**	Hong Kong, limited liability company	Investment holding in Hong Kong	10,000 Ordinary share of HK$1 each	**100%**	50%
Senet International Limited	Hong Kong, limited liability company	Holding of trademarks and properties in Hong Kong	10 Ordinary shares of HK$1 each	**100%**	100%
傲天國際貿易（深圳）有限公司 Smart Sky International (Shenzhen) Limited**†	PRC, wholly foreign-owned enterprise limited liability company	Retailing of footwear in the PRC	HK$1,000,000	**100%**	100%
傲豐貿易（深圳）有限公司 Smart Trend Trading (Shenzhen) Company Limited**†	PRC, wholly foreign-owned enterprise, limited liability company	Retailing of footwear in the PRC	HK$41,000,000	**100%**	100%

Notes to the Consolidated Financial Statements

39. SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Equity interest held 2009	Equity interest held 2008
奥吉斯貿易(北京)有限公司 Smarter Trading (Beijing) Company Limited**†	PRC, wholly foreign-owned enterprise, limited liability company	Retailing of footwear in the PRC	HK$40,000,000	**100%**	100%
Surplus Jet Investments Limited**	The British Virgin Islands, limited liability company	Holding of investment and trademarks	1 Ordinary share of US$1	**100%**	100%
Triple Juicy Limited**	The United Kingdom, limited liability company	Holding of trademarks	1,000 Ordinary share of £1 each	**100%**	—
Trunari Enterprises Company Limited	Hong Kong, limited liability company	Holding of trademarks and properties in Hong Kong	22,000,000 Ordinary shares of HK$1 each	**100%**	100%
Vervestone Limited**	The United Kingdom, limited liability company	Investment holding in the United Kingdom	2,000 Ordinary share of £1 each	**100%**	—
Walker Corporation Limited**	Hong Kong, limited liability company	Holding of leases in Hong Kong	1,000 Ordinary shares of HK$1 each	**100%**	100%
Walker Group China Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	100 Ordinary shares of HK$1 each	**100%**	100%

Notes to the Consolidated Financial Statements

39. SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Equity interest held 2009	2008
Walker Group International Company Limited**	Hong Kong, limited liability company	Investment holding in Hong Kong	100 Ordinary shares of HK$1 each	**100%**	100%
Walker International Footwear Limited	Hong Kong, limited liability company	Wholesales of footwear	100 Ordinary shares of HK$1 each	**100%**	100%
Walker International Holding Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	100 Ordinary shares of HK$1 each	**100%**	100%
Walker Shop Footwear Limited	Hong Kong, limited liability company	Investment holding and retailing of footwear in Hong Kong	100,000,000 Ordinary shares of HK$0.001 each	**100%**	100%
奧卡索國際貿易(上海)有限公司 Walker Shop International Trading (Shanghai) Company Limited**†	PRC, wholly foreign-owned enterprise limited liability company	Retailing of footwear in the PRC	US$200,000	**100%**	100%

As a PRC legal requirement, companies established in the PRC have adopted 31 December as their accounting date for statutory reporting purpose. All other companies have adopted 31 March as their financial year end date.

† The English names represent the direct translation of their Chinese names as they do not have official English names.

** Subsidiaries not audited by PricewaterhouseCoopers.

Five Year Financial Summary

CONSOLIDATED INCOME STATEMENTS

	Year ended 31 March 2009	Year ended 31 March 2008	Year ended 31 March 2007	Year ended 31 March 2006	Year ended 31 March 2005
	HK$000	*HK$000*	*HK$000*	*HK$000*	*HK$000*
Turnover	**1,043,513**	930,106	689,366	528,605	466,377
Cost of sales	**(476,239)**	(379,947)	(242,897)	(191,497)	(192,186)
Gross profit	**567,274**	550,159	446,469	337,108	274,191
Operating expenses	**(654,629)**	(486,419)	(338,403)	(268,290)	(223,300)
Other (losses)/gains	**(8,471)**	2,961	(268)	44	(3)
Other income	**8,540**	7,541	3,084	1,710	1,301
Operating (loss)/profit	**(87,286)**	74,242	110,882	70,572	52,189
Finance income/(cost) — net	**4,008**	32,245	(3,005)	(1,681)	(988)
Share of losses of jointly controlled entities	**(1,422)**	(192)	—	—	—
(Loss)/profit before income tax	**(84,700)**	106,295	107,877	68,891	51,201
Income tax expense	**(5,355)**	(11,621)	(24,874)	(14,996)	(11,972)
(Loss)/profit for the year	**(90,055)**	94,674	83,003	53,895	39,229
Attributable to:					
Equity holders of the Company	**(89,384)**	94,674	83,003	53,895	39,229
Minority interest	**(671)**	—	—	—	—
	(90,055)	94,674	83,003	53,895	39,229
Dividends	**—**	69,836	25,930	20,000	—

Notes: Prior to the reorganisation completed on 21 May 2007, combined financial statements have been prepared for financial years 2005, 2006 and 2007.

Five Year Financial Summary

CONSOLIDATED BALANCE SHEETS

	As at 31 March 2009 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2007 *HK$'000*	As at 31 March 2006 *HK$'000*	As at 31 March 2005 *HK$'000*
ASSETS					
Non-current assets					
Leasehold land	**18,390**	18,877	35,196	36,761	37,636
Property, plant & equipment	**44,875**	42,411	41,061	32,544	36,478
Investment property	**404**	—	—	—	—
Intangible assets	**71,350**	10,866	14,039	638	642
Interests in jointly controlled entities	**—**	1,318	—	—	—
Deferred income tax assets	**18,826**	8,129	1,061	211	43
Available-for-sale financial assets	**25,065**	1,211	1,168	1,170	—
Rental deposits	**20,260**	20,378	14,160	11,948	9,556
	199,170	103,190	106,685	83,272	84,355
Current assets					
Inventories	**316,275**	217,281	155,176	95,585	84,381
Trade and bills receivables	**109,576**	97,107	68,781	35,240	29,027
Amounts due from related companies	**—**	—	33,280	46,525	21,084
Deposit, prepayments and other receivables	**52,549**	41,076	28,709	16,630	11,732
Financial assets at fair value through profit or loss	**37,658**	19,779	—	—	—
Tax recoverable	**86**	3,395	17	52	99
Restricted cash	**—**	10,000	10,000	—	—
Cash and cash equivalents	**177,975**	452,231	47,823	26,956	30,720
	694,119	840,869	343,786	220,988	177,043

Five Year Financial Summary

CONSOLIDATED BALANCE SHEETS *(Continued)*

	As at 31 March 2009 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2007 *HK$'000*	As at 31 March 2006 *HK$'000*	As at 31 March 2005 *HK$'000*
LIABILITIES					
Current liabilities					
Borrowings	**(22,525)**	—	(99,224)	(21,079)	(21,101)
Trade and bills payables	**(116,559)**	(85,589)	(84,905)	(48,707)	(34,689)
Accruals and other payables	**(56,587)**	(30,363)	(37,559)	(40,857)	(41,198)
License fees payable	**—**	(3,752)	(3,302)	—	—
Amount due to related companies	**—**	—	(37,786)	—	—
Amount due to directors	**—**	—	(13,048)	(32,760)	(41,848)
Obligations under finance leases	**(316)**	(316)	—	—	(11)
Taxation payable	**(6,953)**	(4,264)	(15,026)	(15,577)	(10,203)
	(202,940)	(124,284)	(290,850)	(158,980)	(149,050)
Net current assets	**491,179**	716,585	52,936	62,008	27,993
Total assets less current liabilities	**690,349**	819,775	159,621	145,280	112,348
Non-current liabilities					
Borrowings	**—**	—	(9,914)	(11,582)	(11,577)
License fees payable	**—**	(5,889)	(9,393)	—	—
Obligations under finance leases	**(685)**	(1,001)	—	—	—
Deferred income tax liabilities	**(260)**	(340)	(295)	(265)	(553)
	(945)	(7,230)	(19,602)	(11,847)	(12,130)
Net assets	**689,404**	812,545	140,019	133,433	100,218

Five Year Financial Summary

CONSOLIDATED BALANCE SHEETS *(Continued)*

	As at 31 March 2009	As at 31 March 2008	As at 31 March 2007	As at 31 March 2006	As at 31 March 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
EQUITY					
Capital and reserves					
Share capital	**62,250**	62,250	10,000	10,000	10,000
Reserves	**627,812**	750,295	130,019	123,433	90,218
	690,062	812,545	140,019	133,433	100,218
Minority interest	**(658)**	—	—	—	—
Total equity	**689,404**	812,545	140,019	133,433	100,218

Investment Property

Location	Type	Tenure
Unit 9 on 6th Floor, Hope Sea Industrial Centre, 26 Lam Hing Street, Kowloon Bay, Kowloon, Hong Kong	Industrial	Medium lease