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KINGMAKER FOOTWEAR HOLDINGS LIMITED

信星鞋業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01170)

BUSINESS UPDATE

This announcement is made by Kingmaker Footwear Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Retail Business

As disclosed in the annual report of the Company for the year ended 31 March 2016 (the “**Annual Report**”), the Group would continue to monitor the performance of the retail segment, and in the event that its operating results deteriorate further, the Group would consider various options including a further downsizing or winding down of its operations.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that in view of the loss incurred by the Group’s retail business and the difficulties in retail operations, the Group decided to gradually wind down, discontinue or sell its retail business. It is expected that all the retail operations of the Group will cease by end of March 2017.

Manufacturing Business

In addition, as disclosed in the Annual Report, the world economy has been encountering significant ups and downs. As the United States (“**US**”) Federal Reserve opens up the option of further interest rate hikes since the first increase in December 2015, the Group’s major customers face greater challenges in sales. Taking into account the various uncertainties around the world, including Brexit and the resulting depreciation of the British pound, recurrence of financial turmoil in the People’s Republic of China (the “**PRC**”) and subsequent depreciation of the Renminbi, and the extent and timetable of interest rate hikes in the US, it is expected that the pace of economic recovery in fiscal year 2016/17 may slow down.

Due to the above reasons, the Group is expected to record a decrease in the unaudited consolidated revenue by approximately 28% for the three months ended 30 June 2016 as compared with the corresponding period of previous year based on the preliminary review of the unaudited consolidated management accounts of the Group for the three months ended 30 June 2016 and the information currently available to the Board. In order to deal with the challenging market conditions, the Group will implement the cost control measures as set out below.

As disclosed in the Annual Report, consolidation of facilities in the PRC and a shift of manufacturing activities to Vietnam and Cambodia remained the focus of management efforts, and the Group was considering scaling down the Zhongshan facilities. In this regard, to reduce costs and improve profitability in long run, the Group will close down its manufacturing facilities in Zhongshan in September 2016 and shift the manufacturing activities to the manufacturing bases in Zhuhai, the PRC and Vietnam. Thereafter, should any suitable opportunity arises, the Group may either lease out or sell its manufacturing facilities in Zhongshan.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kingmaker Footwear Holdings Limited
CHAN HO MAN, DANIEL
Chairman

Hong Kong, 29 August 2016

As at the date of this announcement, the board of directors of the Company consists of three executive directors, namely Mdm. HUANG Hsiu Duan, Helen, Mr. KIMMEL, Phillip Brian and Mr. WONG Hei Chiu; two non-executive directors, namely Mr. CHAN Ho Man, Daniel and Mr. CHOW Wing Kin, Anthony; and three independent non-executive directors, namely Mr. TAM King Ching, Kenny, Mr. YUNG Tse Kwong, Steven and Ms. CHAN Mei Bo, Mabel.

* *for identification purposes only*