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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)**

### **POSITIVE PROFIT ALERT AND 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).

#### **Positive Profit Alert**

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record an unaudited profit attributable to equity holders of the Company of not less than HK\$220 million for the six months ended 30 September 2017, representing a significant increase as compared to the six months ended 30 September 2016. The expected increase in profit for the six months ended 30 September 2017 is mainly attributable to (i) recognition of a net gain on disposal of Kingmaker Footwear (Zhong Shan) Co., Ltd. of approximately HK\$174 million, details of which are disclosed in the Company’s announcement dated 4 August 2017; and (ii) a decrease in loss recorded from discontinued operation on the retailing business.

\* *For identification purposes only*

## **Business Update**

In addition, as disclosed in the annual report of the Company for the year ended 31 March 2017 (the “**Annual Report**”), the global economy is not expected to show significant growth. In light of the various game-changing events and factors of concern, management holds a cautious attitude towards the market and operating environment in the coming year. In addition, weakened retail sales in the US and Europe were met with the Group’s efforts to enhance its clientele portfolio in order to shift its product mix towards higher-margin items.

Due to the above reasons, the Group is expected to record a decrease in the unaudited consolidated revenue by approximately 40% for the six months ended 30 September 2017 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 six months ended 30 September 2017 and the information currently available to the Board.

In order to deal with the challenging market conditions, 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. In this regards, efforts to enhance the product mix have resulted in an increase in the average selling price while business volume (pairs) dropped. Gross margin was expected to continue improving on the back of further enhanced efficiencies in the southern Vietnam and Cambodia production centers, management efforts on exploring and applying innovative technologies, including “concept-line” lean manufacturing and automative processes that can raise operational efficiency and reduce the Group’s reliance on manual labor. In respect of digitalization, the Group will continue to introduce technologies to enhance operational management, enabling real-time monitoring and faster work processes from production planning through to products delivery.

The Company is still in the process of finalising the unaudited consolidated financial results of the Group for the six months ended 30 September 2017. The information contained in this announcement is only a preliminary assessment by the Company based on the unaudited consolidated management accounts of the Group for the six months ended 30 September 2017 and the information currently available to the Board, which have not been confirmed or reviewed by the Company’s auditors and may be subject to adjustments. Detailed financial results and position of the Group for the six months ended 30 September 2017 will be disclosed in the interim results announcement, which will be published before the end of November 2017.

**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, 3 November 2017

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