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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)

INSIDE INFORMATION PROFIT WARNING

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) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Following the novel coronavirus (COVID-19) outbreak (the “**Epidemic**”) since January 2020, the spread of the disease has intensified nationwide in China and more recently in new parts of the world. There is no consensus to date as to when the Epidemic can be successfully and effectively contained.

In view of the Epidemic and the uncertain macroeconomic environment, some of the Group’s customers have deferred their orders. As such, orders from the Group’s customers for the fourth quarter of the financial year ending 31 March 2020 are expected to decline. The drop in orders, combined with a general decline in the average selling price owing to an overall weak retail environment, will deal a further blow to the Group’s business and performance in the year ending 31 March 2020.

* *For identification purposes only*

The Epidemic has also brought disruptions to the logistics of the supply chain for the Group's production lines in Vietnam and Cambodia. Part of the raw materials for the Group's production lines are sourced from suppliers located in China. As the schedule of full production resumption amongst upstream shoe materials suppliers in China varies, coupled with policies implemented in certain provinces and cities to restrict the movement of goods and people, a shortage of certain raw materials, mainly leather and outsole, is resulted. This shortage has to a certain extent disrupted the Group's production outside China, along with an increase in overall material and inbound transportation costs.

As a result of the Epidemic, authorities in numerous provinces and cities in China have taken emergency public health measures and various infection control actions, including restrictions and guidelines on the time and safety measures required for work resumption after the Chinese New Year holidays. For the Group's Vietnam and Cambodia factories, some management staff and workers have not been able to report for duty owing to the temporary travel restrictions. This is expected to result in lower production output, and consequently the revenue, for the fourth quarter of the financial year ending 31 March 2020. As the Group is unable to adjust the local workforce within such a short space of time, the proportion of labor costs to revenue is expected to increase for the year ending 31 March 2020 as compared to the year ended 31 March 2019.

In light of the uncertain macroeconomic environment and the widespread transmission of COVID-19, footwear retail sentiments would likely continue to be subdued in the Group's major markets, such as the United States and Europe. In view of the generally weak market conditions, the Group will continue to take a more conservative approach in capacity planning, and adopt stringent cost and risk management measures to guard against heightened uncertainty in the operating landscape.

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the information currently available, the Group is expected to record a loss for the year ending 31 March 2020 (subject to audit) as compared to a profit for the year ended 31 March 2019.

The information in this announcement is based on a preliminary review of the unaudited financial information currently available to the Group. Such information has not been reviewed or audited by the Company's independent auditor.

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
HUANG Hsiu Duan, Helen
Chairman

Hong Kong, 3 March 2020

As of the date of this announcement, the Board consists of three executive directors, namely Mdm. HUANG Hsiu Duan, Helen, Mr. WONG Hei Chiu and Mr. CHEN Yi Wu, Ares; three non-executive directors, namely Mr. KIMMEL Phillip Brian, 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.