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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)

VOLUNTARY ANNOUNCEMENT

LEASE AGREEMENT

This is a voluntary announcement made by Kingmaker Footwear Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to update the shareholders of the Company (the “**Shareholders**”) and potential investors on the latest business development of the Group.

The board of directors (“**Directors**”) of the Company (the “**Board**”) is pleased to announce that on 13 May 2020, Maystar Footwear Company Limited (美星制鞋有限公司) (the “**Lessor**”), a wholly-owned subsidiary of the Company, as lessor entered into a lease agreement (the “**Lease Agreement**”) with Zhuhai Jiaxinde Investment Limited* (珠海嘉信德投資有限公司) (the “**Lessee**”) as lessee in respect of the lease of the Group’s properties in Zhuhai, the People’s Republic of China (the “**PRC**”) to the Lessee.

* For identification purposes only

THE LEASE AGREEMENT

Principal terms of the Lease Agreement are summarised below:

Date:	13 May 2020
Lessor:	Maystar Footwear Company Limited (美星制鞋有限公司), a wholly-owned subsidiary of the Company
Lessee:	Zhuhai Jiaxinde Investment Limited* (珠海嘉信德投資有限公司)

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, the Lessee and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

Leased Premises:	The Group's properties located at the Industrial Zone, No. 3047 Mingzhu South Road, Qianshan District, Zhuhai City, the PRC (珠海市前山明珠南路3047號工業園區) (the " Leased Properties ")
Gross floor area:	approximately 58,249 square meters
Term:	the period of 12 years commencing from 15 May 2020 to 14 May 2032 (both days inclusive)
Rent free period:	First three months from the commencement date of the term of the Lease Agreement

Rent: The Lessee shall pay the rent of approximately RMB931,984 per month, calculated on the basis of RMB16 per sq.m. per month multiplied by the gross floor area of the Leased Properties, for the first year of the lease term. The rent shall be increased each year by RMB1 per sq.m. per month for the 2nd to 9th year of the lease term, and by RMB2 per sq.m. per month for the 10th year of the lease term, and by RMB3 per sq.m. per month for the 11th and 12th year of the lease term.

Security deposit: RMB3 million in cash and a letter of guarantee of RMB3 million to be issued by a bank, being refundable to the Lessee at the expiry of the lease term

INFORMATION OF THE LESSEE

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Lessee is a company established in the PRC and is principally engaged in property investment, development and operation. Based on the Company's understanding from the Lessee, the Lessee intends to change the Leased Properties from a production base into an industrial/commercial project particularly for new and emerging industries. The project is planned to comprise factories, offices and apartments for leasing out upon completion of the project.

REASONS AND BENEFITS FOR ENTERING INTO THE LEASE AGREEMENT

The Group is involved in the business of manufacturing and sale of footwear products and property investment. In accordance with the Group's plan to further scale down its manufacturing activity in the PRC, the Leased Properties in Zhuhai have remained idle since February 2020. The Board considered that there would be potential of capital appreciation for the Leased Properties in future in view of the development of the Greater Bay Area. Consideration was also given to the change of the site into new industry related use land (新型產業用地) (i.e. a land parcel designated for the use of new and emerging industries) by the Lessee at its own expenses, the further potential value gain from the change of the site into new industry related use land and the approval of which is expected to be obtained in around two to three years. The Board is thus of the view that it can create value for the Shareholders in the long run to hold the Leased Properties in Zhuhai as investment properties for rental income, while retaining the opportunity for future capital gains should the Company consider it appropriate to sell the properties. The Board considers that the leasing of the Leased Properties to the Lessee will maximise the usage of the Group's idle properties, provide an opportunity for the Company to realise the investment value of its assets, and generate additional stable income to enhance the working capital of the Group. The Board is of the view that the Lease Agreement was entered into at arm's length at the prevailing market rent and on normal commercial terms. The Directors are of the view that the terms of the Lease Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

By Order of the Board
Kingmaker Footwear Holdings Limited
HUANG Hsiu Duan, Helen
Chairman

Hong Kong, 13 May 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 Dr. 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.