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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). Reference is made to the announcement of the Company dated 3 March 2020 in relation to the impact of the novel coronavirus (COVID-19) pandemic on the Group’s operations and profit warning (the “**Announcement**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group anticipates to report a net loss attributable to owners of the Company of approximately HK\$45 million to approximately HK\$65 million for the year ended 31 March 2020 as compared to a profit for the year ended 31 March 2019. The expected loss was mainly attributable to:

- (a) a decrease in sales, exacerbated by a general decline in the average selling price owing to an overall weak retail environment and an increase in the proportionate labor costs to revenue, details of which have been disclosed in the Announcement;

\* *For identification purposes only*

- (b) cost increases as additional costs were incurred on and associated with the moving of production lines between manufacturing centers upon clients' requests;
- (c) impairment losses on certain property, plant and equipment and accounts receivables; and
- (d) increase in share of losses from associates as there was an increase in losses incurred by the Group's affiliated company operating in Central Vietnam. Despite an increase in orders, the factory has yet to achieve economies of scale to generate profit.

As of the date of this announcement, there is still great uncertainty around how the COVID-19 pandemic may continue to impact orders and sales visibility for the Group's manufacturing segment, which will inevitably affect its performance throughout the remainder of 2020/21. In view of the challenges and uncertainties ahead, the Group will continue to proactively monitor the situation and impose cost control measures as appropriate. The Group will also focus on its cash flow management, including the adoption of a more conservative approach when evaluating capital expenditure projects in 2020/21.

In response to the adverse impact caused by the COVID-19 pandemic, the Group adopted stringent cost and risk management measures to guard against heightened uncertainty in the operating landscape. At present, the Group's financial position remains healthy with sufficient cash on hand to meet current business needs. With profit margin enhancement remaining the Group's priority goal, it is committed to raising production efficiency, further re-allocating its production capacity from the PRC to Southeast Asia, and proactively managing its product mix.

While the extent and duration of the COVID-19 pandemic remain uncertain, it has had adverse impacts on the Group's business and financial performance during the year ended 31 March 2020 as mentioned above, and will inevitably impact the Group's performance in the year ending 31 March 2021. The Board will continue to assess the impact of the COVID-19 pandemic on the Group's financial performance and closely monitor the Group's exposure to the risks and uncertainties in this connection.

The Company is still in the process of finalising the financial results of the Group for the year ended 31 March 2020. 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 year ended 31 March 2020 and the information currently available to the Board, which may be subject to adjustments, and is not based on any information or figures that have been audited nor confirmed by the Company's auditors. Details of the Group's financial results for the year ended 31 March 2020 will be disclosed in the annual results announcement, which is expected to be published by the end of June 2020.

**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, 4 June 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.*