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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 POSITIVE PROFIT ALERT

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).

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 a profit attributable to equity holders of the Company in the estimated range of approximately HK\$45 million to approximately HK\$55 million for the year ended 31 March 2023 (the “**Period**”), as compared with a loss attributable to equity holders of the Company for the year ended 31 March 2022.

* *For identification purposes only*

The expected profit for the Period was mainly attributable to:

- (i) economies of scale achieved as a result of a year-on-year increase in the Group's consolidated revenue to approximately HK\$1,062 million, which was mainly contributed by the improved order book for the Period;
- (ii) higher average selling price ("ASP") and shipment volume recorded, resulting in a comparative improvement in the gross profit margin;
- (iii) cost-mitigating measures and stabilized manufacturing operations driving down cost-to-revenue ratios;
- (iv) non-recurrence of pandemic-induced expenses; and
- (v) continuing contribution of the share of profit of associates by the Group's associated company operating in central Vietnam;

which was partially offset by:

- (i) an estimated fair value loss on certain investment properties in mainland China and Hong Kong.

The Group's return to net profit during the Period was mainly attributable to the improved performance of the manufacturing business in particular during the first half of the Period. With a focus on enhancing the product and revenue portfolio under an overall margin-accretive strategy, the Group prioritizes value over volume in business development. As such, the Group has been pursuing business with strategic value and that best utilize its capabilities in high-end products. An ASP improvement was thus achieved on top of volume growth. The Group has also continued to seek cost improvement and to maintain healthiness of its liquidity and financial positions. Given the worldwide inflation, increasing interest rates and other macroeconomic headwinds, downstream congestion will likely to persist resulting in high inventory levels across the footwear industry. This will weigh on order visibility for manufacturers in the near term, and the operating environment will continue to be clouded in uncertainties.

The Company is still in the process of finalising the financial results of the Group for the Period. 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 Period 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 reviewed or audited by the Company's auditor. Shareholders and potential investors are advised to read the Company's annual results announcement with care when it is published. Details of the Group's financial results for the Period will be disclosed in the annual results announcement, which is expected to be published by the end of June 2023.

Shareholders and potential investors of the Company 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, 7 June 2023

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. CHAN Ho Man, Daniel, Mr. KIMMEL Phillip Brian and Dr. CHOW Wing Kin, Anthony; and four independent non-executive Directors, namely Mr. TAM King Ching, Kenny, Mr. YUNG Tse Kwong, Steven, Ms. CHAN Mei Bo, Mabel and Mr. WONG Hin Wing.