KINGMAKER

KINGMAKER FOOTWEAR HOLDINGS LIMITED
信星鞋業集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 01170)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

	2021	2020	**Change**
	HK$'000	*HK$'000*	
Revenue	**804,720**	1,050,064	-23.4%
Gross profit	**38,239**	74,315	-48.5%
Gross profit margin	**4.8%**	7.1%	-2.3 points
Profit/(loss) for the year attributable to equity holders of the Company	**88,098**	(51,386)	N/A
	HK cents	*HK cents*	
Basic earnings/(loss) per share	**13.05**	(7.50)	N/A
	HK cents	*HK cents*	
Proposed final and special final dividends			
Interim dividend per share	**1.5**	–	
Special interim dividend per share	**0.7**	2.0	
Final dividend per share	**1.5**	–	
Special final dividend per share	**1.3**	2.0	
Total dividends per share for the year	**5.0**	4.0	+25%

- Cash and cash equivalents of approximately HK$378 million

* *For identification purposes only*

The board (the "Board") of directors (the "Directors") of Kingmaker Footwear Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2021, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
REVENUE	3	**804,720**	1,050,064
Cost of sales		**(766,481)**	(975,749)
Gross profit		**38,239**	74,315
Other income and gains, net		**28,150**	23,326
Changes in fair value of investment properties		**122,863**	1,490
Distribution and selling expenses		**(17,150)**	(22,367)
Administrative expenses		**(101,810)**	(129,774)
Finance costs	4	**(48)**	(96)
Share of profit/(loss) of associates		**13,640**	(20,684)
PROFIT/(LOSS) BEFORE TAX	5	**83,884**	(73,790)
Income tax (expenses)/credit	6	**(4,100)**	20,783
PROFIT/(LOSS) FOR THE YEAR		**79,784**	(53,007)
Attributable to:			
Equity holders of the Company		**88,098**	(51,386)
Non-controlling interests		**(8,314)**	(1,621)
		79,784	(53,007)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK13.05 cents**	HK(7.50 cents)
Diluted		**HK13.05 cents**	HK(7.50 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 *HK$'000*	2020 *HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**79,784**	(53,007)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**29,105**	(19,550)
Reclassification adjustment for deregistration of subsidiaries	**–**	1,279
	29,105	(18,271)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Asset revaluation reserve:		
Gain on revaluation of land and buildings	**–**	183,727
Deferred tax liabilities on gain on revaluation of land and buildings	**–**	(33,828)
	–	149,899
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**29,105**	131,628
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**108,889**	78,621
Attributable to:		
Equity holders of the Company	**117,203**	80,242
Non-controlling interests	**(8,314)**	(1,621)
	108,889	78,621

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**185,271**	208,531
Right-of-use assets		**70,581**	73,356
Investment properties		**547,653**	398,711
Investments in associates		**31,457**	17,817
Investments in club memberships		**1,885**	1,924
Total non-current assets		**836,847**	700,339
CURRENT ASSETS			
Inventories		**160,690**	166,539
Accounts receivable	*9*	**191,054**	137,407
Prepayments, deposits and other receivables		**7,554**	9,668
Due from an associate		**69,073**	69,073
Tax recoverable		**322**	619
Cash and cash equivalents		**377,865**	443,946
Total current assets		**806,558**	827,252
CURRENT LIABILITIES			
Accounts payable	*10*	**130,805**	93,966
Accrued liabilities, other payables and contract liabilities		**76,395**	80,784
Lease liabilities		**930**	872
Tax payable		**72,140**	113,807
Total current liabilities		**280,270**	289,429
NET CURRENT ASSETS		**526,288**	537,823

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	2021	2020
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,363,135**	1,238,162
NON-CURRENT LIABILITIES		
Lease liabilities	**–**	448
Deposits received	**5,246**	1,211
Deferred tax liabilities	**102,637**	57,866
Total non-current liabilities	**107,883**	59,525
Net assets	**1,255,252**	1,178,637
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**68,154**	68,443
Reserves	**1,176,401**	1,091,183
	1,244,555	1,159,626
Non-controlling interests	**10,697**	19,011
Total equity	**1,255,252**	1,178,637

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any material impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their business activities and has two reportable operating segments as follows:

(a) manufacturing and sale of footwear products; and

(b) property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, non-lease related finance costs and other unallocated income and gains/(losses), net and unallocated expenses are excluded from the measurement.

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2021 and 2020.

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**804,720**	1,050,064	**–**	–	**804,720**	1,050,064
Rental income	**–**	–	**17,358**	13,506	**17,358**	13,506
Segment results	**(50,798)**	(88,441)	**137,100**	12,446	**86,302**	(75,995)
Unallocated income and gains/(loss), net					**2,070**	(7)
Interest income					**4,433**	12,561
Unallocated expenses					**(8,920)**	(10,336)
Finance costs (other than interest on lease liabilities)					**(1)**	(13)
Profit/(loss) before tax					**83,884**	(73,790)
Income tax (expenses)/credit					**(4,100)**	20,783
Profit/(loss) for the year					**79,784**	(53,007)
Assets and liabilities						
Segment assets	**715,209**	681,557	**547,653**	398,711	**1,262,862**	1,080,268
Unallocated assets					**380,543**	447,323
Total assets					**1,643,405**	1,527,591
Segment liabilities	**100,084**	112,135	**107,653**	59,616	**207,737**	171,751
Unallocated liabilities					**180,416**	177,203
Total liabilities					**388,153**	348,954

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information						
Depreciation:						
Segment	**28,805**	32,161	**–**	–	**28,805**	32,161
Unallocated					**–**	–
					28,805	32,161
Depreciation of right-of-use assets	**3,301**	3,754	**–**	–	**3,301**	3,754
Capital expenditure*	**10,280**	15,751	**–**	–	**10,280**	15,751
Share of (profit)/loss of associates	**(13,640)**	20,684	**–**	–	**(13,640)**	20,684
Impairment of items of property, plant and equipment	**8,399**	7,299	**–**	–	**8,399**	7,299
Impairment allowance of accounts receivable	**329**	4,947	**–**	–	**329**	4,947
Fair value gains on revaluation of investment properties	**–**	–	**(122,863)**	(1,490)	**(122,863)**	(1,490)
Loss on deregistration of subsidiaries	**–**	1,279	**–**	–	**–**	1,279
Provision for inventories	**3,718**	1,575	**–**	–	**3,718**	1,575
Loss/(gain) on disposal of items of property, plant and equipment, net	**(49)**	3,976	**–**	–	**(49)**	3,976

* Capital expenditure consists of additions to property, plant and equipment

Geographical information

(a) Revenue from external customers

	2021	2020
	HK$'000	*HK$'000*
The United States of America	**170,713**	153,893
Europe	**254,538**	298,577
Asia	**273,745**	434,200
Others	**105,724**	163,394
	804,720	1,050,064

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**59,413**	93,431
Mainland China	**512,235**	333,266
Cambodia	**73,486**	86,487
Vietnam	**157,972**	166,388
Others	**399**	1,026
	803,505	680,598

The non-current asset information above is based on the locations of the assets and excludes investments in associates and club memberships.

Information about major customers

Revenue derived from the manufacturing and sale of footwear products business with over 10% of the total revenue of the Group during the years ended 31 March 2021 and 2020 is as follows:

	2021	2020
	HK$'000	*HK$'000*
Customer A	**343,542**	328,414
Customer B	**217,296**	290,916
Customer C	**83,114**	181,080
Customer D	**N/A***	123,258
	643,952	923,668

* Less than 10% of the total revenue of the Group for the corresponding year.

The above amounts include sales to a group of entities which are known to be under common control with these customers.

4. FINANCE COSTS

	2021	2020
	HK$'000	HK$'000
Interest on bank loans	**1**	13
Interest on lease liabilities	**47**	83
	48	96

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2021	2020
	HK$'000	*HK$'000*
Cost of inventories sold	**454,070**	557,659
Depreciation of property, plant and equipment	**28,805**	32,161
Depreciation of right-of-use assets	**3,301**	3,754
Amortisation of club memberships	**39**	46
Impairment of property, plant and equipment	**8,399**	7,299
Impairment allowance of accounts receivable	**329**	4,947
Employee termination benefits	**5,387**	8,823
(Gain)/loss on disposal of items of property, plant and equipment, net	**(49)**	3,976
Fair value gains on revaluation of investment properties	**(122,863)**	(1,490)
Bank interest income	**(4,313)**	(12,268)
Interest income from accounts receivable	**(120)**	(293)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2021	2020
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**2,819**	33
Current – Elsewhere		
Charge for the year	**2,503**	4,827
Overprovision in prior years	**(41,116)**	(27,100)
Deferred	**39,894**	1,457
Total tax expenses/(credit) for the year	**4,100**	(20,783)

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2020: 16.5%), the Vietnam Corporate Tax rates of 15% to 20% (2020: 15% to 20%), the Cambodia Corporate Tax rate of 20% (2020: 20%), the Taiwan Corporate Tax rate of 17% (2020: 17%), the Corporate Income Tax rate in Mainland China of 25% (2020: 25%) and the respective tax holidays granted to the subsidiaries of the Group in Cambodia (2020: Cambodia).

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share (2020: basic loss per share) amount is based on the profit for the year attributable to equity holders of the Company of HK$88,098,000 (2020: loss of HK$51,386,000), and the weighted average number of ordinary shares of 675,014,081 (2020: 685,096,849) in issue during the year, as adjusted to reflect the number of shares of 10,678,000 (2020: 7,686,000) held under the share award scheme of the Company.

For the year ended 31 March 2021, no adjustment has been made to the basic earnings per share amount presented in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amount presented.

For the year ended 31 March 2020, no adjustment had been made to the basic loss per share amount presented in respect of the potential dilutive ordinary shares in issue during the year as the impact had an anti-dilutive effect on the basic loss per share amount presented.

8. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Dividends paid during the year		
Special final in respect of the financial year ended 31 March 2020 – HK2.0 cents per ordinary share (2020: special final dividend of HK2.0 cents per ordinary share)	**13,518**	13,754
Interim – HK1.5 cents (2020: Nil) per ordinary share	**10,136**	–
Special Interim – HK0.7 cent (2020: HK2.0 cents) per ordinary share	**4,730**	13,649
	28,384	27,403
Proposed final and special final dividends		
Final – 1.5 cents (2020: Nil) per ordinary share	**10,223**	–
Special Final – HK1.3 cents (2020: HK2.0 cents) per ordinary share	**8,860**	13,689
	19,083	13,689

The proposed final and special final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividends payable.

9. ACCOUNTS RECEIVABLE

	2021	2020
	HK$'000	*HK$'000*
Accounts receivable	**196,330**	142,354
Impairment	**(5,276)**	(4,947)
	191,054	137,407

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. Payment terms with customers are largely on credit. Invoices are normally payable within 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the Group's senior management.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the date of goods delivered, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**177,025**	134,432
Between 91 and 180 days	**13,726**	2,383
Between 181 and 365 days	**303**	592
	191,054	137,407

10. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the date of goods received, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**91,189**	87,659
Between 91 and 180 days	**27,940**	3,110
Between 181 and 365 days	**2,024**	1,609
Over 365 days	**9,652**	1,588
	130,805	93,966

The accounts payable are non-interest-bearing and are normally settled on 90-day terms.

DIVIDENDS AND SHARE REPURCHASES

An interim dividend of HK1.5 cents per ordinary share and a special dividend of HK0.7 cent per ordinary share was paid on 25 January 2021. The Directors recommend the payment of a final dividend of HK1.5 cents per ordinary share and a special final dividend of HK1.3 cents per ordinary share in respect of the year to shareholders on the register of members on Friday, 3 September 2021. Subject to the passing of the relevant resolution at the forthcoming Annual General Meeting ("AGM") of the Company, the final and special final dividends will be payable on or about Monday, 27 September 2021 in cash in Hong Kong dollars.

In addition to dividend payments, during the course of the financial year, the Company repurchased and cancelled 2,894,000 of its ordinary shares at prices ranging from HK$0.77 to HK$0.95 per share. We consider such repurchases to be a constructive element in the prudent management of the overall capital structure and in enhancing returns to shareholders over time.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 23 August 2021 to Thursday, 26 August 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 20 August 2021.

(b) Entitlement to the proposed final and special final dividends

The record date for entitlement to the proposed final and special final dividends is Friday, 3 September 2021. The register of members of the Company will be closed from Wednesday, 1 September 2021 to Friday, 3 September 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special final dividends all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Tuesday, 31 August 2021.

CHAIRMAN'S STATEMENT

As COVID-19 fast-tracked the world into the 'new normal', Kingmaker Footwear, along with many other businesses, spent much of the year 2020/21 coping with waves of disruption and adapting to extraordinary circumstances.

With the fight against the pandemic still continuing in many parts of the world, it is increasingly clear that a lot of the changes are irreversible. Instead of expecting a return to the pre-pandemic ways of life, we are arriving at the 'next normal' phase, in which we will need to change the way we operate and do business in order to cope with new retail patterns, procurement modes and macroeconomic uncertainty.

More than ever, this global crisis has shown us the weight of business resilience and sustainability of our environment. As our business prospects begin to brighten, we are mindful of the importance of keeping our business sustainable and actions responsible. This results announcement and the upcoming annual report will give shareholders an account of how we position ourselves amid the new trends that will define 2021 and beyond.

STRATEGIES AND OUTLOOK

During the financial year under review, the coronavirus pandemic has reached almost every corner of the world, creating a health crisis of immense proportion. It also brought economic disruptions of global dimensions and has been a transformative force for businesses.

Some recovery was registered in the first quarter of the current year ending 31 March 2022, and we see greater visibility in our order book. Overall business prospects have improved, but the recovery will likely be uneven and slow, in particular in light of the new bursts of COVID-19 cases in Asia.

Business Resilience and Recovery from COVID-19

For Kingmaker Footwear, the health crisis caused a brief interruption of our manufacturing activities in Vietnam and Cambodia at the start of the reporting year. Our manufacturing centers have worked closely with local authorities to implement all necessary precautionary measures to protect our workers. Our upstream supply chain has remained relatively steady, but our management will stay alert to the possible interruptions in raw materials supply amid the coronavirus rebound in Asia.

The pandemic's impact was much more severely felt on the business front. Faced with a range of challenges and uncertainties, our branded customers have adopted even more conservative buying strategies, which affected the Group in several ways. First, the orders were placed in reduced sizes across an expanded product portfolio, resulting in more frequent production line rearrangements, with some loss of economies of scale as a result. To cope with this, we have downsized our labor forces in Vietnam and Cambodia, and expanded the concept-line set-up to cover the majority of our production lines.

The speed of the procurement process has also increased, leading to shorter fulfilment cycles. To this end, our management has been striving to work with customers to create better transparency in production planning. Increased digitalization of our production lines would also help cater to shorter turnaround trends. Going forward, we will continue to invest in the digital enhancement of our manufacturing process in anticipation of more remote work requirements from clients.

We seek profit margin enhancement from both business development and cost control. Management has conducted a thorough review of our clientele portfolio and product mix, against the current footwear market trends and developments. In line with our strategy of upgrading our product mix towards higher-value offerings, we have invested in the research and development ("R&D") of footwear items for new branded customers that have good growth potential. The product mix management process also takes in consideration of the clients' credit performance and projected business plans.

On the cost side, our production centers have adopted a number of control measures, which resulted in a decrease in overheads for every operating unit during 2020/21. Despite rising salary trends in Vietnam and Cambodia, we have been able to maintain a steady level of wages and salaries as a proportion of revenue, with the proportionate selling and administrative expenses also kept in pace with topline movements.

In keeping with our efforts to sustain financial strength amid the macroeconomic and operating uncertainties, we continue to uphold a conservative cashflow management policy. Despite longer credit periods as requested by the clients, our credit profile has remained healthy.

Capital expenditures were suspended during the reporting year, but in view of the improving forecasts from clients, we plan to revisit the capex plans and invest ahead of the future sales recovery. In particular, our associated operation in Central Vietnam achieved a turnaround during the year. With brightened prospects of its ongoing order forecasts, the associated company is drawing up capacity expansion plans to meet anticipated demand growth in the coming year.

The pandemic has also reinforced the important role our people play. During these difficult times, our teams have maintained a steadfast focus on our customers and supporting their needs. We understand that our employees are facing their own challenges, including personal and family health; we thus pledge our commitment to ensuring sufficient safety measures are in place at work and providing additional support for them to care for family needs.

At corporate level, we work very hard to keep the administrative costs in check. I am thankful to our executive directors and senior management, who have demonstrated their support by accepting a compensation reduction for eleven months since May 2020, while middle level team members have taken unpaid leave during the financial year. I, as Chairman of the Board, have opted to temporarily forego remuneration since May 2020. Together as a team, we will tide over the difficulties and seek business recovery in the coming years.

Commitment to Sustainability

Resilience is not only a business concept, it is also about how we take up our own responsibility for the planet and communities where we operate.

Sustainability is multi-faceted and has different approaches to it, but in essence it is defined as meeting the needs of the present without compromising the ability of future generations to meet their needs. Recognizing the carbon footprint of our manufacturing activities, the Board has set up a working group to review and study measures for raising the sustainability performance of our operations. The working group comprises all our executive directors, senior management and heads of our production centers.

Our sustainability work is based on four pillars:

- Planet – We aim to manage and minimize our carbon footprint along the value chain
- People – We nurture and empower talents, and care about our employees' well-being
- Progress – We pursue advancement through innovation and application of technologies
- Profits – As a public company, we strive to create long-term value for our shareholders

Under the four pillars of sustainability, we aim to give consideration to all our key stakeholders, including the shareholders, our team members, clients, the footwear industry as a whole, and ultimately our planet.

Pledging increased focus on supply chain sustainability, we constantly look at ways to minimize the use of resources. Working with our branded customers, this is realized through designs that accommodate reduced use of components and materials; selection of materials with better environmental profile; and optimization of the manufacturing process to reduce energy and water usage.

Capacity and Capability to Serve World-leading Brands

Our success is premised on our capability to provide high-quality, reliable and cost-effective production solutions for the world's leading footwear brands. We have sought to strengthen this capability by reinvesting our earnings in our manufacturing and R&D platform. Our existing facilities complement each other to meet current client needs, and we have made advance capacity planning to ready ourselves for long-term expansion.

This strong and scalable platform strategy has positioned the Group well to respond in time to capture future recovery trends.

We also continue to raise the levels of automation and digitalization in our facilities in order to overcome the long-term labor shortage challenges, while at the same time promoting productivity and quality. With customer interests at the heart of our management and operation, the Group is prepared to go one step further by phasing in the smart manufacturing system, which is an effective way to achieve production efficiency and flexibility.

After incorporating our enterprise resource planning (ERP) system into the manufacturing execution system (MES), we are stepping into the next phase and exploring ways to establish a smart supply chain. We will also seek to integrate robotic processes into the production lines.

Talent Development

The Group nurtures and retains a team of people with diverse talents. They are committed to making customers successful and to growing a world-class company that can share in that success.

I am very proud of our highly capable management team which has shown a shared commitment to leading the Group and its people through the difficult times. They have demonstrated leadership capabilities, and a strong drive to grow business.

The Group has also been training local staff members in Vietnam and Cambodia to take up management functions in the facilities. Localization is an important step to strengthen the long-term development of these manufacturing locations.

The Company offers competitive compensation packages to acquire and retain talents. It also operates a share option scheme and a share award scheme to provide further incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Asset Enhancement

Depending on the Group's business needs and capacity planning, some self-owned factories and office properties may not be fully utilized at times. The Board has in place a long-term asset enhancement program to consider the properties' sales or leasing options and potential in order to create returns on these assets.

With regard to the leased portion of the Zhuhai plant, the lessee's plan to transform the production premises to an industrial/commercial project for new and emerging industries at its own expense is currently underway. The Group anticipates the lessee's transformation plan to add value to the premises. While enjoying an additional stream of recurrent rental income from this asset, the Group also retains the opportunity for future capital gains in view of the development of the Greater Bay Area.

This asset enhancement program will help the Group make good use of idle properties, realize the investment value of its assets, and generate additional stable income to enhance working capital.

During the financial year, the portfolio of assets classified as investment properties yielded gross rental income of approximately HK$17,358,000 (2020: approximately HK$13,506,000), or a gross yield of approximately 3.2% per annum. The Board considers that the portfolio is currently generating a steady stream of recurrent income. It will regularly review this asset base and examine options available with a view to creating long-term value for shareholders.

Concluding Remarks

While we are encouraged to see the first signs of business recovery, we are mindful of the challenges from rising labor and material costs, as well as other overheads in Vietnam and Cambodia. These factors will continue to put pressure on our profit margin.

It is therefore critical that we continue to upgrade our product and clientele portfolio. To this end, we have already engaged in R&D for a number of new clients with good prospects. We will stay alert to market trends and adjust our product strategies accordingly.

We do not expect the pandemic to be completely calmed down any time soon. The future will continue to be highly unpredictable. And given the conservative procurement strategies adopted by brands, the operating environment will remain tough for some time. It is important that our Group maintains a strong financial position to guard against turbulences and prolonged retail weakness.

We have always been a prudent company. Every corporate decision is made with careful consideration to balance business development needs, service to clients and stakeholder interests. With this in mind, Kingmaker Footwear will continue to take measured and steadfast steps towards our long-term goals.

APPRECIATION

To my fellow directors, senior management and staff members, I would like to express my sincere gratitude for their dedicated efforts over the past year. I am also thankful to our business partners, clients and shareholders for their support and confidence in our Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board is delighted to announce the annual results of Kingmaker Footwear Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2021.

The year under review was one of the most challenging periods in decades, not only because of the COVID-19 pandemic, but also as a mix of geo-political and economic events rendered the year highly unpredictable. For the footwear industry in particular, the outbreak and subsequent lockdowns have had a significant and lasting impact on its retail performance as this category was traditionally more reliant on in-store sales.

In light of weakened retail sentiments and higher market volatility, branded footwear customers have geared towards conservative procurement plans and schedules. Manufacturers are thus faced with the new realities of a shortened turnaround time and reduced overall business volume, along with smaller order batches and frequent changes of product models. These factors have put additional cost pressures on the Group's financial performance.

COVID-19 precautions, including the installation of sanitary devices and frequent disinfection of the workplace, have also incurred additional overhead costs for the Group. To cope with this and the market environment, the Group has tightened cost control and postponed capital expenditures, while Board members and senior management have opted to forego, or accepted reductions in, remuneration. The Group has also taken steps to produce stable streams of rental income from unutilized offices and manufacturing premises.

The prolonged pandemic has brought profound changes to footwear retailing, with many brands shifting towards a direct-to-consumer ("D2C") approach. In order to stay relevant to the new D2C game, and to ready itself for more distance work and collaboration with clients in future, the Group is furthering the digitization of its R&D and manufacturing process.

While the global economy is not expected to return to its pre-pandemic level within a short time, the Group is encouraged to see improved procurement momentum by branded customers since the first quarter of 2021 on lower and healthier inventory levels. The Board feels confident that the Group is well equipped with manufacturing and financial strengths to capture the sales rebound as the health crisis stabilizes.

Revenue

During the year ended 31 March 2021, revenue decreased by 23.4% year on year to approximately HK$805 million (2020: approximately HK$1,050 million) on a 26.2% decline in business volume (pairs) owing to the conservative sourcing planning by branded customers.

The Group's strategy to upgrade its product portfolio and increase R&D efforts has, nevertheless, yielded a 9.3% improvement in the average selling price ("ASP"), which helped alleviate the revenue decline.

Gross Profit

The further decrease in revenue continued to undermine the economies of scale of the manufacturing operations. Despite the adoption of the concept-line system, designed to cater to smaller order batches, overall efficiency of production was affected owing to the lack of repeat orders and short turnaround time.

With dedicated efforts, management was able to keep wage rates and proportionate labor costs under control. Wages and salaries, including allowances and other benefits, amounted to approximately HK$232 million (2020: approximately HK$318 million). Proportionate labor costs remained stable at 28.9% of revenue (2020: 30.3%) despite the reduced scale.

Material costs, on the other hand, went up as R&D increased to facilitate new business development and because of the usage of more leather material for higher-value items. The cost increase was also partly attributed to raw material price inflation.

As a result, the gross profit margin declined to approximately 4.8% (2020: approximately 7.1%) during the year.

Net Profit

The Group posted a net profit attributable to equity holders of the Company of approximately HK$88 million for the year (2020: net loss of approximately HK$51 million). The profit was mainly attributable to:

(i) a fair value gain of approximately HK$160 million arising from the revaluation of the property at the Zhuhai plant that the Group had leased out pursuant to the lease agreement entered into with an independent third party in May 2020; and

(ii) share of profit of approximately HK$13.6 million from the Group's associates operating in Central Vietnam, as compared with a share of losses of approximately HK$20.7 million in the previous financial year;

which were partially offset by:

(i) the fair value losses on revaluation of the Group's other investment properties in Hong Kong and elsewhere in the People's Republic of China (the "PRC"); and

(ii) provision for impairment losses on certain items of assets in respect of the planned cessation of manufacturing activity of a loss-making subsidiary operating in Cambodia.

Earnings per share attributable to equity holders of the Company for the year were approximately HK13.1 cents (2020: loss per share of approximately HK7.5 cents).

Key Financial Ratios

Healthy financial ratios were maintained during the year:

- Debtors' turnover increased to 74 days for the year ended 31 March 2021 (2020: 43 days);

- Stock turnover increased to 132 days (2020: 103 days) on temporary holding of stock on customers' request;

- Strong liquidity with net cash in hand of approximately HK$378 million as at 31 March 2021 (2020: approximately HK$444 million); and

- Current and quick ratios were 2.9 and 2.3 respectively (2020: 2.9 and 2.3 respectively).

Final and Special Final Dividends

In view of the healthy financial position of the Company, the Board recommended to pay a final dividend of HK1.5 cents (2020: HK Nil cent) per ordinary share and a special final dividend of HK1.3 cents (2020: HK2.0 cents) per ordinary share for the year. Together with the interim dividend of HK1.5 cents and the special interim dividend of HK0.7 cent per ordinary share, the total dividend for the year would amount to HK5.0 cents per ordinary share, an increase of approximately 25% over the previous financial year.

The Board continues to pledge to share the Company's results with its shareholders. It will review its dividend policy from time to time with consideration given to the Group's capital expenditure plans, the operating environment, order book visibility and overall business prospects.

OPERATIONAL REVIEW

Macro Environment

Amid the COVID-19 crisis that persisted throughout the year under review, the pandemic and its impact have overshadowed all other risks to economic growth and corporate performance. As a consequence of the health crisis, the period saw both a downturn of consumer activity and global disruptions to the supply chain, bringing constraints for the footwear industry on both the supply and demand sides.

In this period marked by waves of COVID-19, footwear retail was one of the hardest hit industries. The European Union as a whole closed 2020 with a drop of 23.5% in its Retail Turnover Index, which measures the sales of textiles, clothing, footwear and leather goods. In the United Kingdom, there was a brief retail upsurge towards the end of 2020, but as a new wave of COVID-19 hit the country, retail sales of footwear slowed down again in the first quarter of 2021.

The United States retail marketplace has been severely disrupted since the second quarter of 2020. For the year, US consumer spending on footwear shrank 12.3% from 2019, according to Footwear Distributors and Retailers of America.

The manufacturers' perspective has thus been cautious. Weak consumer sentiment deepened a number of pre-existing sourcing trends for brands as they work to revitalize and turn around their businesses. Amid the sluggish and highly uncertain business environment, manufacturers are faced with the operating challenges of small order sizes, frequent processing line rearrangements, shorter production lead time and longer credit terms. Additional expenses were also incurred for the prevention of COVID-19 infections within the facilities, and efforts to improve the overall sanitary conditions of the workplace.

To cope with the situation, the Group has taken all necessary measures to control costs, and to enhance working capital and cash flow to maintain resilience.

Manufacturing Business

The Group currently operates two core manufacturing bases in southern Vietnam and Cambodia, both of which are equipped with R&D facilities. A supplementary R&D center is in operation in Zhuhai, the PRC. In addition, the Group holds a 40% interest in a joint-venture factory in central Vietnam.

As at the year-end date, the Group had a combined production scale of 29 processing lines, mostly under the concept-line set-up. They contributed an annual capacity of around 7 million pairs of shoes, and were 78.1% utilized (2020: 71.0%). An increase in the utilization rate was achieved amid conservative procurements of brand owners, mainly as a result of the reduced scale in Vietnam and the ceasing of manufacturing operation in the PRC.

In southern Vietnam, there were 15 concept lines and 4 traditional lines in operation, while in Cambodia the Group had 10 concept lines. This robust, multi-location production platform enables the Group to provide capacity with flexibility, in order to cater to clients' sourcing plans in terms of country of manufacture.

The geographical distribution of markets continued to be demand-driven, while at the same time, the Group supports its clients' efforts to develop markets with good prospects. European markets' contribution rose to 31.6% (2020: 28.4%), and revenue from the US increased to 21.2% (2020: 14.7%). Shipments to other markets, including Asia and other areas, accounted for 47.2% (2020: 56.9%).

The rugged shoes category's contribution rose to 49.9% (2020: 34.8%) of the Group's revenue during the year, as this product line is regaining popularity especially among the younger generations in the market. Premium casual footwear remained a major product category, accounting for 31.0% (2020: 42.7%) of revenue. Contribution of babies' and children's footwear decreased to 14.7% (2020: 20.9%), while the performance of the athleisure product category continued to be lackluster with its share at 4.4% (2020: 1.6%).

Taking a more selective approach towards business development, the Group has commenced cooperation with a number of new branded customers. Major customers for the year included Asics, Caterpillar, Clarks, Dr. Martens, Merrell, Skechers and Wolverine, these in aggregate contributed 92.6% (2020: 91.9%) of total revenue.

As remarked in the Group's interim results 2020/21, one of the Group's branded customers, C&J Clark Limited ("Clarks"), announced a corporate restructuring in 2020. Clarks contributed approximately 10.3% of the Group's revenue during the year. The Board will closely monitor the situation and update the shareholders as and when appropriate.

Key developments in the Group's production centers are summarized below:

Southern Vietnam

Southern Vietnam remained the core manufacturing site for the Group, contributing 69.2% (2020: 72.6%) of total volume output.

This manufacturing site holds a portfolio of facilities in operation, premises ready for equipment installation, and land for future expansion, which will enable the Group to fulfill existing demand and ready it to capture future growth opportunities.

The Phase I factory, which is currently in operation, approached higher utilization during the year as the Group ushered in new branded customers. With a pool of manpower standing ready, the Group is well-positioned to ramp up production capacity at the adjacent Phase II premises. The current plan is to fully utilize the capacity of the Phase I facilities before making moves to install machinery and equipment in the new premises.

The Group holds confidence in the ongoing growth potential of this manufacturing hub.

Cambodia

With government support and continued influx of foreign investments, Cambodia has increasingly developed into a major footwear manufacturing base for the world.

During the year, the Group's site in Cambodia contributed 30.8% (2020: 17.2%) of output in pairs. While it remains a supplementary production site for the core Vietnam base, the Group noted the growth potential and momentum of the Cambodian center as it continues to build up efficiency, expertise and a talent pool. On promising outlook of clients' sourcing plans for this center, the Group plans to expand its production scale by adding 2 lines during the year ending 31 March 2022.

On the other hand, after due consideration of the loss-making situation and turnaround prospects of the joint-venture outsole factory in Cambodia, the Board has resolved to cease its operation. A provision of approximately HK$7.6 million has been made on impairment losses in respect of the planned cessation of this subsidiary.

Mainland China

In light of the rising costs in the country and international trade tensions, the majority of the Group's branded customers have revised their global sourcing blueprints. All of the Group's manufacturing activity in the country has been discontinued and relocated to other Asian centers.

To cater to a client's requirements, an R&D center was retained at the Zhuhai Center with the support of a lean workforce. The Group will closely monitor its utilization, and make adjustments to the R&D offerings at this site accordingly.

The unutilized part of the Zhuhai plant that was leased out generated a stable stream of recurrent rental income for the Group. The Board looks forward to capturing the future capital appreciation opportunity of this asset as the development of the Greater Bay Area further rolls out.

Investments in associates

The Group holds a 40% interest in an associated company jointly owned with Evervan Group ("Evervan") in central Vietnam. Evervan is a leading international athletic footwear manufacturer.

With the addition of 5 production lines, the associated company operated a total of 24 lines as at the year-end date. It is mainly engaged in production for world-leading footwear brands, Crocs and Columbia.

It is notable that, in spite of the overall weak market sentiments, Crocs registered impressive growth on the back of its D2C e-commerce approach, and helped by the emerging global trend of remote working.

This associated company thus showed strong revenue growth during the year. It delivered an approximately 43.9% increase in revenue to approximately HK$472 million (2020: approximately HK$328 million). With an enlarged scale and enhanced workforce efficiency, the associated company contributed to the Group a share of profit from associates of approximately HK$13.6 million (2020: share of losses of approximately HK$20.7 million).

Given the strong background and expertise of Evervan, the Board is confident of continued improvement in the associated company's performance as it achieves better cost effectiveness through further scaling up and automation. The maturation of workers' skill sets and refinement of processes will also act as a catalyst for a boost in the business's competitiveness.

With a positive outlook on the consistent business growth trend of the associated company, the Board is considering resuming financial assistance to support its capacity expansion plan during the financial year 2021/22.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled the Group to maintain a strong financial position. As at 31 March 2021, the Group's cash and cash equivalents were approximately HK$378 million (2020: approximately HK$444 million).

The Group is substantially debt-free. As at 31 March 2021, the Group had banking facilities amounted to an aggregate sum of approximately HK$40 million (2020: approximately HK$79 million) with various banks. Out of the trade and overdraft banking facilities of approximately HK$40 million (2020: approximately HK$79 million) in Hong Kong being granted to the Group, no facilities had been utilized as at 31 March 2021 (2020: Nil).

For the year ended 31 March 2021, the current ratio was approximately 2.9 (2020: approximately 2.9) based on current assets of approximately HK$807 million and current liabilities of approximately HK$280 million and the quick ratio was approximately 2.3 (2020: approximately 2.3).

As at 31 March 2021, the Group did not have any interest-bearing bank borrowings (2020: Nil).

The Group will continue to maintain conservative cash flow management to sustain a strong cash position. Having considered the major expansion plans of the Group, including Vietnam and Cambodia in the next two to three years, the Directors are of the opinion that the Group has adequate liquidity to meet its current and future working capital requirements on its operations and expansion.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenue and expenditure are denominated in Hong Kong dollars, the Renminbi, the Vietnamese Dong and the US dollars. It is the Group's policy to adopt a conservative approach on foreign exchange exposure management.

However, the Group will continue to monitor its foreign exchange exposure and market conditions to determine if any hedging is required. The Group generally finances its operation with internal resources and bank facilities provided by banks in Hong Kong. Interest rates of borrowings are fixed by reference to the Hong Kong Inter-Bank Offered Rate or the London Inter-Bank Offered Rate.

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimise the Group's financial risks. As a measure of additional prudence, the Group cautiously uses derivatives financial instruments, principally forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's receivables and payables.

The exposure to foreign currency of the Group mainly arose from the net cash flows and the net working capital translation of its PRC and Vietnam subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options, if consider necessary. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK$1,245 million as at 31 March 2021 (2020: approximately HK$1,160 million). As at 31 March 2021, the Group did not have any interest-bearing bank borrowings (2020: Nil), resulting Nil% (2020: Nil%) of the shareholders equity.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased and cancelled 2,894,000 of its ordinary shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of approximately HK$2,545,000 excluding transaction cost. The repurchase of the Company's shares during the year was effected by the Board, pursuant to the repurchase mandate granted by the shareholders, with a view to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Details of the shares repurchase during the year under review are as follows:

Month/Year	**Number of shares repurchased**	**Highest price per share** *HK$*	**Lowest price per share** *HK$*	**Aggregate consideration (excluding transaction cost)** *HK$'000*
January 2021	690,000	0.84	0.77	557
February 2021	1,424,000	0.95	0.83	1,261
March 2021	780,000	0.94	0.93	727
Total	2,894,000			2,545

The premium paid on the repurchase of the shares of approximately HK$2,256,000 has been debited to the share premium account. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Taiwan, the PRC, Vietnam and Cambodia, employed approximately 7,400 employees as at 31 March 2021. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options and awarded shares may also be granted in accordance to the terms of the Group's approved share option scheme and share award scheme, respectively.

During the year ended 31 March 2021, the trustee of the Company's share award scheme adopted on 26 June 2019 (the "Share Award Scheme") purchased a total number of 2,992,000 shares on the market at a total consideration of approximately HK$2,240,000. No shares have been awarded under the Share Award Scheme for the year ended 31 March 2021.

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, for the year ended 31 March 2021 in compliance with the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

AUDIT COMMITTEE

The audit committee of the Company (the "Committee") comprises three independent non-executive Directors and one non-executive Director. The primary duties of the Committee are to review and supervise the Group's financial reporting process and internal control systems.

As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget.

The Committee reviewed with the management on the accounting principles and practices adopted by the Group, the Group's auditing, internal control and financial reporting matters and the consolidated results for the year ended 31 March 2021, and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The Committee has also met with the external auditor of the Company, Messrs. Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the said code of conduct for the year ended 31 March 2021.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2021 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at http://www.irasia.com/listco/hk/kingmaker/annual/index.htm. An annual report for the year ended 31 March 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
HUANG Hsiu Duan, Helen
Chairman

Hong Kong, 29 June 2021

As at the date of this announcement, the three executive directors of the Company are Mdm. HUANG Hsiu Duan, Helen, Mr. WONG Hei Chiu and Mr. Chen Yi Wu, Ares; three non-executive directors are Mr. CHAN Ho Man, Daniel, Mr. KIMMEL Phillip Brian and Dr. CHOW Wing Kin, Anthony; and three independent non-executive directors are Mr. TAM King Ching, Kenny, Mr. YUNG Tse Kwong, Steven and Ms. CHAN Mei Bo, Mabel.