



For immediate release

## **KINGMAKER FOOTWEAR HOLDINGS LIMITED**

**Posted a net profit of HK\$88 million for year ended March 2021  
Declared final and special final dividends of HK1.5 cents and HK1.3 cents  
respectively on healthy financial position**

Financial highlights:

- Revenue decreased by 23.4% yoy to HK\$805 million.
- Posted a net profit of HK\$88 million.
- Final and special final dividends of HK1.5 cents and HK1.3 cents respectively; total year dividend of HK5.0 cents.
- Net cash in hand of HK\$378 million as at 31 March 2021.

**Hong Kong, 29 June 2021** – Leading rugged and premium casual footwear manufacturer Kingmaker Footwear Holdings Limited (01170.HK) today announced a net profit attributable to equity holders of the Company of HK\$88 million (2020: net loss of HK\$51 million) during the year ended 31 March 2021. Earnings per share attributable to equity holders of the Company were HK13.1 cents (2020: loss per share of HK7.5 cents). As the Company continued to maintain a healthy financial position, final and special final dividends of HK1.5 cents (2020: Nil) and HK1.3 cents (2020: HK2.0 cents) respectively were declared, aggregating to a total dividend for the year of HK5.0 cents (2020: HK4.0 cents).

The net profit for the year took into account a fair value gain of HK\$160 million arising from the revaluation of the leased Zhuhai plant, and a share of profit of HK\$13.6 million (2020: share of loss of HK\$20.7 million) from associates operating in Central Vietnam. These were partially offset by fair value losses on revaluation of other investment properties and impairment provision for the planned cessation of a subsidiary in Cambodia.

For the footwear industry, the COVID-19 outbreak and subsequent lockdowns during the year have had a significant and lasting impact on its retail performance as this category was traditionally more reliant on in-store sales.

Revenue thus decreased by 23.4% year on year to HK\$805 million (2020: HK\$1,050 million) on a 26.2% decline in business volume (pairs) against a 9.3% improvement in the average selling price (“ASP”).

Kingmaker Footwear Chairman Mdm. HUANG Hsiu Duan, Helen, said: “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. Some recovery was registered in the first quarter of the current financial year ending 31 March 2022, and we see greater visibility in our order book. 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.”

The Group currently operates two core manufacturing bases in southern Vietnam and Cambodia, both of which are equipped with research and development (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%).

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.

Cash and cash equivalents were maintained at a favorable level of HK\$378 million (2020: HK\$444 million) as at 31 March 2021. The current and quick ratios were 2.9 and 2.3 respectively (2020: 2.9 and 2.3 respectively).

The Group holds a 40% interest in an associated company jointly owned with Evervan Group in central Vietnam. Evervan is a leading international sports footwear manufacturer, and the associated company is mainly engaged in production for world-leading footwear brands, Crocs, and Columbia. With the addition of 5 production lines, the associated company operated a total of 24 lines as at the year-end date. It delivered a 43.9% increase in revenue to HK\$472 million (2020: 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 HK\$13.6 million (2020: share of losses of HK\$20.7 million).

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 Highlights

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
<b>CONTINUING OPERATIONS</b>		
Revenue	804,720	1,050,064
Gross profit	38,239	74,315
Gross profit margin	4.8%	7.1%
Profit/(Loss) attributable to equity holders of the Company	88,098	(51,386)
Basic earnings/(loss) per share	HK13.05 cents	HK(7.50) cents
Interim dividend per share	HK1.5 cents	-
Special interim dividend per share	HK0.7 cent	HK2.0 cents
Final dividend per share	HK1.5 cents	-
Special final dividend per share	HK1.3 cents	HK2.0 cents
Full-year dividend per share	HK5.0 cents	HK4.0 cents

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**About Kingmaker Footwear Holdings**

Kingmaker Footwear Holdings Limited (01170.HK) is a premium name-brand manufacturer of fashion casual and children's footwear. The Group operates production centers and R&D facilities in Vietnam and Cambodia, as well as a supplementary R&D center in mainland China, with a staff of approximately 7,400. It holds a 40% interest in an associated footwear operation in Central Vietnam.

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