



For immediate release

KINGMAKER FOOTWEAR HOLDINGS LIMITED

**Performance in year to March 2022 reflects significant improvement in 2H results
Net loss incurred mainly on fair value loss and one-off COVID-19 related costs
Special final dividend of HK2.0 cents declared**

Financial highlights:

- Revenue increased by 4.7% yoy to HK\$843 million.
- Reversed 1H gross loss position to gross profit of HK\$25 million.
- Net loss of HK\$18 million incurred.
- Special final dividend of HK2.0 cents; total yearly dividends of HK4.0 cents.
- Net cash in hand of HK\$290 million as at 31 March 2022.

Hong Kong, 30 June 2022 – Leading rugged and premium casual footwear manufacturer Kingmaker Footwear Holdings Limited (01170.HK) today announced that its revenue for the year ended 31 March 2022 (the “Year”) increased by 4.7% year on year to HK\$843 million (2021: HK\$805 million) on the back of a solid order pipeline and a 3.7% improvement in the average selling price (“ASP”).

The Year started with a satisfactory April-to-June quarter that delivered a double-digit revenue increase, but this growth track was interrupted amid a resurgence of COVID-19 cases in southern Vietnam. The 3-month production halt in the southern Vietnam center thus caused has inevitably weakened the first-half results.

The Group’s full-year performance reflected significant improvement in the second-half operating results of the southern Vietnam plant, while the Cambodia center has continued to contribute steady organic sales growth throughout the Year.

The Group recorded a net loss attributable to equity holders of the Company of HK\$18 million (2021: net profit of HK\$88 million), mainly as a result of a one-off fair value loss of HK\$20 million (2021: gain of HK\$123 million) and an increase in the provision for inventories. Share of profit of associates increased to HK\$32.8 million (2021: HK\$13.6 million) on the back of strong results by the 40%-held associated factory in central Vietnam.

Loss per share was HK2.7 cents (2021: earnings of HK13.1 cents). The board of the Company has resolved not to pay a final dividend, but a special final dividend of HK2.0 cents was recommended. Together with the special interim dividend of HK2.0 cents, this brings the total dividends for the Year to HK4.0 cents (2021: HK5.0 cents).

Kingmaker Footwear Chairman Mdm. HUANG Hsiu Duan, Helen, said: “We are cautiously optimistic of achieving overall top-line growth in the financial year 2023. In the coming year, we seek to achieve our vision and purpose through six strategic action areas: recovering and creating new avenues of income, active capacity planning, promoting operational excellence, cost control to mitigate inflationary pressures, product innovation and workflow enhancement, as well as developing and retaining talents, while continuing to drive resilience and sustainability in our operations.”

The Group currently operates two 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 People’s Republic of China. 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 78.0% utilized (2021: 78.1%).

The geographical distribution of markets continued to be demand-driven. Revenue from the United States recorded the most significant growth to 44.4% (2021: 21.2%), and European markets' contribution stood at 24.3% (2021: 31.6%) of total. Shipments to other markets, including Asia and other areas, accounted for 31.3% (2021: 47.2%)

The rugged shoes category was the biggest contributor to the Group's revenue at 71.3% (2021: 49.9%), as a result of the enhancement of the product portfolio towards a higher ASP range. The premium casual footwear category's contribution dropped to 8.6% (2021: 31.0%) of revenue, while that of babies' and children's footwear increased to 20.1% (2021: 14.7%).

In line with its strategy to prioritize value growth over business volume expansion, the Group has been more selective in terms of clientele portfolio management and new business development. Due consideration is given to the visibility and strength of the clients' order pipeline, as well as their credit quality and growth prospects. The Group's major customers for the Year included Cat, Chaco, Dr. Martens, Merrell and Wolverine, these in aggregate contributed 89.6% of total revenue.

Cash and cash equivalents were maintained at a healthy level of HK\$290 million (2021: HK\$378 million) as at 31 March 2022. The current and quick ratios were 2.5 and 1.8 respectively (2021: 2.9 and 2.3 respectively).

The Group's 40%-held associated plant in central Vietnam operated 27 lines as at the Year-end date, and is mainly engaged in production for world-leading footwear brands Crocs and Columbia. It delivered an 89.6% increase in revenue to HK\$895 million (2021: HK\$472 million) and contributed to the Group a share of profit from associates of HK\$32.8 million (2021: HK\$13.6 million).

In line with clients' sales forecasts, the Group is planning to expand the capacity in Cambodia to meet medium-term growth. It will also monitor clients' procurement plans and adjust the capacity in southern Vietnam accordingly.

As part of the overall mission to increase competitiveness through operational excellence, the Group aims to engage in a thorough and in-depth revamp of its manufacturing process in order to achieve further efficiency gains, improve overall performance and output quality for its production centers.

Financial Highlights

	For the year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
Revenue	842,687	804,720
Gross profit	25,199	38,239
Gross profit margin	3.0%	4.8%
Profit/(Loss) attributable to equity holders of the Company	(18,035)	88,098
Basic earnings/(loss) per share	(HK2.69 cents)	HK13.05 cents
Interim dividend per share	Nil	HK1.5 cents
Special interim dividend per share	HK2.0 cents	HK0.7 cent
Final dividend per share	Nil	HK1.5 cents
Special final dividend per share	HK2.0 cents	HK1.3 cents
Full-year dividend per share	HK4.0 cents	HK5.0 cents

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About Kingmaker Footwear Holdings

Kingmaker Footwear Holdings Limited (01170.HK) is a premium name-brand manufacturer of rugged, 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 7,700. It holds a 40% interest in an associated footwear operation in central Vietnam.

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