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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		
	2025	2024	Change
	HK\$'000	HK\$'000	
Revenue	347,143	326,065	+6.5%
Gross profit	13,448	2,956	+354.9%
Gross profit margin	3.9%	0.9%	+3.0 points
Loss for the period attributable to equity holders of the Company	(6,568)	(12,967)	-49.3%
	<i>(HK cents)</i>	<i>(HK cents)</i>	
Basic loss per share	(0.98)	(1.93)	-49.2%
Proposed interim and special interim dividends			
Interim dividend per share	—	—	
Special interim dividend per share	2.0	2.0	
Total dividends per share for the period	2.0	2.0	—%
Cash and cash equivalents of approximately HK\$322 million			

* For identification purposes only

UNAUDITED INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Kingmaker Footwear Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2025, together with the comparative figures for the corresponding period in 2024 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2025

		For the six months ended	
		30 September	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	2	347,143	326,065
Cost of sales		<u>(333,695)</u>	<u>(323,109)</u>
Gross profit		13,448	2,956
Other income and gains, net		4,126	18,147
Distribution and selling expenses		(8,424)	(7,200)
Administrative expenses		(38,505)	(36,618)
Finance costs	3	(88)	(99)
Share of profits of associates		<u>16,305</u>	<u>5,778</u>
LOSS BEFORE TAX	4	(13,138)	(17,036)
Income tax credit	5	<u>6,071</u>	<u>3,454</u>
LOSS FOR THE PERIOD		<u><u>(7,067)</u></u>	<u><u>(13,582)</u></u>
ATTRIBUTABLE TO:			
Equity holders of the Company		(6,568)	(12,967)
Non-controlling interests		<u>(499)</u>	<u>(615)</u>
		<u><u>(7,067)</u></u>	<u><u>(13,582)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 30 September 2025

		For the six months ended	
		30 September	
		2025	2024
	Notes	(Unaudited)	(Unaudited)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
	6		
Basic		<u>HK(0.98) cent</u>	<u>HK(1.93) cents</u>
Diluted		<u>HK(0.98) cent</u>	<u>HK(1.93) cents</u>

Details of the dividends are disclosed in note 7 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2025

	For the six months ended 30 September	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(7,067)</u>	<u>(13,582)</u>
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	6,768	9,071
Asset revaluation reserve:		
Loss on revaluation of land and buildings	<u>—</u>	<u>(1,382)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,768</u>	<u>7,689</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<u><u>(299)</u></u>	<u><u>(5,893)</u></u>
ATTRIBUTABLE TO:		
Equity holders of the Company	200	(5,278)
Non-controlling interests	<u>(499)</u>	<u>(615)</u>
	<u><u>(299)</u></u>	<u><u>(5,893)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		As at	
		30 September	31 March
		2025	2025
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		112,840	114,771
Right-of-use assets		61,016	63,223
Investment properties		457,851	467,104
Investments in associates		147,710	131,405
Investments in club memberships		1,688	1,710
		<u>781,105</u>	<u>778,213</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		105,694	108,046
Accounts receivable	8	107,578	112,283
Prepayments, deposits and other receivables		17,884	13,050
Due from an associate		29,449	29,449
Tax recoverable		265	482
Cash and cash equivalents		322,000	352,694
		<u>582,870</u>	<u>616,004</u>
Total current assets			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2025

		As at 30 September 2025 (Unaudited) HK\$'000	31 March 2025 (Audited) HK\$'000
	Notes		
CURRENT LIABILITIES			
Accounts payable	9	96,991	110,861
Accrued liabilities, other payables and contract liabilities		83,368	80,178
Lease liabilities		2,139	2,180
Tax payable		30,343	32,685
Total current liabilities		212,841	225,904
NET CURRENT ASSETS		370,029	390,100
TOTAL ASSETS LESS CURRENT LIABILITIES		1,151,134	1,168,313
NON-CURRENT LIABILITIES			
Lease liabilities		1,819	2,198
Deposits received		6,405	6,107
Deferred tax liabilities		84,744	88,423
Total non-current liabilities		92,968	96,728
Net assets		1,058,166	1,071,585
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		67,161	67,181
Reserves		981,389	994,289
		1,048,550	1,061,470
Non-controlling interests		9,616	10,115
Total equity		1,058,166	1,071,585

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial information for the six months ended 30 September 2025 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. These unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2025.

The accounting policies adopted in the preparation of these interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2025, except for adoption of the following amended HKFRS Accounting Standard effective as of 1 April 2025.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

2. 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 assets, liabilities and expenditure information for the Group's operating segments for the six months ended 30 September 2025 and 2024.

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	For the six months ended		For the six months ended		For the six months ended	
	30 September		30 September		30 September	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Sales to external customers	<u>347,143</u>	<u>326,065</u>	<u>–</u>	<u>–</u>	<u>347,143</u>	<u>326,065</u>
Rental income	<u>–</u>	<u>–</u>	<u>13,266</u>	<u>12,839</u>	<u>13,266</u>	<u>12,839</u>

2. OPERATING SEGMENT INFORMATION (Continued)

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	For the six months ended		For the six months ended		For the six months ended	
	30 September		30 September		30 September	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment results	<u>(8,674)</u>	<u>(25,108)</u>	<u>(5,257)</u>	<u>4,176</u>	<u>(13,931)</u>	<u>(20,932)</u>
Unallocated income and loss, net					(23)	(128)
Interest income					5,417	9,355
Unallocated expenses					<u>(4,601)</u>	<u>(5,331)</u>
Loss before tax					(13,138)	(17,036)
Income tax credit					<u>6,071</u>	<u>3,454</u>
Loss for the period					<u>(7,067)</u>	<u>(13,582)</u>

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March
	2025	2025	2025	2025	2025	2025
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	572,574	566,413	464,584	470,051	1,037,158	1,036,464
Unallocated assets					<u>326,817</u>	<u>357,753</u>
Total assets					<u>1,363,975</u>	<u>1,394,217</u>
Segment liabilities	157,081	167,897	91,017	94,409	248,098	262,306
Unallocated liabilities					<u>57,711</u>	<u>60,326</u>
Total liabilities					<u>305,809</u>	<u>322,632</u>

3. FINANCE COSTS

	For the six months ended 30 September	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	<u>88</u>	<u>99</u>

4. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	202,324	175,665
Depreciation of property, plant and equipment	9,573	9,675
Depreciation of right-of-use assets	2,034	1,889
Amortisation of club memberships	22	20
Impairment of items of property, plant and equipment	–	1,066
Impairment allowance of accounts receivable	4,118	291
Fair value loss on revaluation of investment properties	17,635	6,507
Bank interest income	(5,417)	(9,075)
Interest income from accounts receivable	<u>–</u>	<u>(280)</u>

5. INCOME TAX

	For the six months ended 30 September	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current		
– Elsewhere	(2,392)	(2,654)
Deferred	<u>(3,679)</u>	<u>(800)</u>
Total tax credit	<u>(6,071)</u>	<u>(3,454)</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

6. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to equity holders of the Company of HK\$6,568,000 (six months ended 30 September 2024: HK\$12,967,000), and the weighted average number of ordinary shares of 671,617,762 (six months ended 30 September 2024: 672,442,776) outstanding during the period, as adjusted to reflect the number of shares of 10,416,000 (six months ended 30 September 2024: 6,624,000) held under the share award scheme of the Company.

The calculation of the basic and diluted loss per share is based on the following data:

	For the six months ended 30 September	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss attributable to equity holders of the Company	<u>(6,568)</u>	<u>(12,967)</u>
	Number of shares For the six months ended 30 September	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares used in calculating the basic earnings per share	671,617,762	672,442,776
Effect of dilution—weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>37,982</u>
Weighted average number of ordinary shares used in calculating the diluted earnings per share	<u>671,617,762</u>	<u>672,480,758</u>

7. DIVIDENDS

	For the six months ended	
	30 September	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends paid during the period		
Final in respect of the financial year ended 31 March 2025		
– Nil (2024: HK0.2 cent) per ordinary share	–	1,345
Special final in respect of the financial year ended 31 March 2025		
– HK2.0 cents (2024: HK6.8 cents) per ordinary share	<u>13,224</u>	<u>45,712</u>
	<u>13,224</u>	<u>47,057</u>
Proposed interim and special interim dividends		
Interim – Nil (2024: Nil) per ordinary share	–	–
Special interim – HK2.0 cents (2024: HK2.0 cents) per ordinary share	<u>13,432</u>	<u>13,550</u>
	<u>13,432</u>	<u>13,550</u>

The special interim dividend was declared after the period ended 30 September 2025, and therefore have not been included as a liability in the condensed consolidated statement of financial position. The special interim dividend will be paid to the shareholders whose names appear in the register of members on 7 January 2026.

8. ACCOUNTS RECEIVABLE

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.

8. ACCOUNTS RECEIVABLE (Continued)

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

	As at	
	30 September	31 March
	2025	2025
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 90 days	106,010	109,257
Between 91 and 180 days	1,568	2,424
Between 181 and 365 days	—	602
	<u>107,578</u>	<u>112,283</u>

9. ACCOUNTS PAYABLE

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

	As at	
	30 September	31 March
	2025	2025
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 90 days	74,185	92,227
Between 91 and 180 days	21,283	17,065
Between 181 and 365 days	—	46
Over 365 days	1,523	1,523
	<u>96,991</u>	<u>110,861</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Kingmaker Footwear is a premier manufacturer focusing on the specialist production of high-end lifestyle footwear, delivering customized product development solutions to major activewear brands worldwide.

During the six months ended 30 September 2025 (the “Period”), footwear manufacturers faced persistent macroeconomic challenges as geopolitical and trade uncertainties continued to weigh on retail sentiment. Consumer confidence in the Group’s major export markets, including the United States (the “US”) and Europe, was further dampened by inflationary pressures and fluctuating tariff policies. The tariffs also brought disruptions to the supply chain and increased costs for the Group’s branded clients.

In response to this challenging operating environment, the Group’s management endeavored to enhance efficiency and ensure resilience. To achieve this, management made a concerted effort to stabilize administrative expenses and optimize factory overheads through streamlined production processes and targeted cost controls at its plants. Labor input was carefully managed through workforce rationalization, mitigating the impact of rising labour costs. These initiatives resulted in moderately improved cost-to-revenue ratios for materials and labor.

As resilience will continue to be the focus for the second half of the year ending 31 March 2026 (“FY2026”) and the near term, the Group will maintain prudent cash flow management and operational planning. With tariffs levied on products made in Vietnam and Cambodia, coupled with evolving trade relations, order pipeline visibility is expected to remain limited. The Group will strengthen its preparedness for smaller, faster-paced orders to adapt to these dynamics that will likely exist for some time.

Revenue

During the Period, the Group recorded a 6.5% increase in revenue to approximately HK\$347.1 million (2024: approximately HK\$326.1 million), mainly supported by higher client orders during the tariff pause, as well as positive contributions from new labels, and benefiting from a low-base comparison to the prior period. Business volume increased by 5.3%, but the average selling price (“ASP”) declined by 1.8% as branded clients shifted toward lower-priced product options, reflecting a cautious approach from clients aiming to mitigate risks amid softening market sentiment.

Gross Profit

Gross profit surged 354.9% to approximately HK\$13.4 million (2024: approximately HK\$3.0 million), mainly attributable to:

- (i) management efforts to control factory overheads and factory administrative expenses; and
- (ii) moderate improvement in the manufacturing segment’s labor and material costs relative to increased segment revenue;

partly offset by:

- (i) higher distribution and selling expenses led by a general rise in transportation charges, though the increase was maintained in line with revenue growth due to cost-control efforts; and
- (ii) a lower ASP achieved from products developed with clients to address soft retail market conditions.

Net Loss

The Group's net loss attributable to equity holders of the Company narrowed by 49.3% to approximately HK\$6.6 million (2024: approximately HK\$13.0 million). The reduction in net loss position was mainly contributed by:

- (i) the improvement in gross profit in the Period;
- (ii) increased share of profit of associates to approximately HK\$16.3 million (2024: approximately HK\$5.8 million) contributed by the Group's associated company operating in central Vietnam;

partly offset by:

- (i) an increased net fair value loss of approximately HK\$17.6 million for the Period (2024: approximately HK\$6.5 million) on revaluation of the Group's investment properties in the Chinese Mainland and Hong Kong;
- (ii) reduced interest income; and
- (iii) a one-off event of approximately HK\$2.2 million (2024: Nil) in bad debt written off for the outsole factory business in Vietnam.

Key Financial Ratios

The Group maintained healthy financial ratios during the Period:

- Debtors' turnover decreased to 57 days (2024: 93 days);
- Creditors' turnover increased to 94 days (2024: 93 days);
- Stock turnover increased to 95 days (2024: 92 days);

- A healthy liquidity position with net cash in hand of approximately HK\$322 million as at 30 September 2025 (31 March 2025: approximately HK\$353 million); and
- Current and quick ratios were 2.7 and 2.2 respectively (2024: 3.0 and 2.6 respectively).

Interim and Special Interim Dividends

Through prudent management of working capital, the Company has maintained a solid financial position. In recognition of this and to return value to shareholders, the Board has resolved to declare a special interim dividend of HK2.0 cents per ordinary share (2024: HK2.0 cents). The Board does not recommend the payment of an interim dividend (2024: Nil) for the Period.

OPERATIONAL PERFORMANCE

The operating landscape for footwear manufacturers remained highly challenging during the Period, shaped by geopolitical conflicts, escalating trade tensions, and diminished consumer confidence driven by inflationary pressures and an uncertain economic outlook. Footwear brands continued to adopt cautious procurement strategies, placing orders in small batches with quick turnaround requests to better manage weak retail sentiment. This procurement pattern has persistently constrained manufacturers' ability to achieve economies of scale, placing pressure on operational efficiency and cost management.

To navigate these challenges, the Group has implemented robust measures to control costs and deepen lean manufacturing practices, with a focus on streamlining processes and eliminating inefficiencies. Concurrently, the Group continues to develop higher-value products with both new and existing clients, reinforcing its commitment to enhancing product mix and achieving market differentiation amid challenging operating conditions.

Manufacturing Business

The Group maintains geographic diversity with two main manufacturing facilities located in southern Vietnam and Cambodia, both supported by research and development (“R&D”) capabilities. The Group also holds a 40% interest in a joint-venture factory based in central Vietnam.

As at 30 September 2025, the Group operated a total of 21 processing lines, primarily configured under the concept-line setup. These lines collectively contributed an annual capacity of about 7 million pairs of footwear and were 61.7% utilized during the Period (2024: 58.3%).

As at the Period-end date, the Group operated 10 concept lines and 3 traditional lines in southern Vietnam. Combined with 8 concept lines in Cambodia, this robust, multi-site production network equips the Group with the flexibility and capacity to fulfill clients’ sourcing requirements across product specifications and country of manufacture.

Capacity expansion is not currently planned; however, the Group remains committed to the long-term upgrading of its capabilities, focusing on elevating product sophistication and cost efficiencies to strengthen its competitive position.

The Group’s geographical market distribution remained largely demand-led, while it actively sought to support client initiatives to develop markets with promising prospects. During the Period, the US market generated 25.0% (2024: 23.8%) of the Group’s revenue. Europe’s proportionate contribution was 26.4% (2024: 40.9%), and shipments to other markets, including Asia and other areas, accounted for 48.6% (2024: 35.3%).

The rugged-shoe category was the primary revenue driver during the Period, contributing 73.4% (2024: 67.5%) of total revenue. The proportionate contribution of premium casual footwear increased to 26.6% (2024: 18.7%). The babies’ and children’s footwear category did not record sales during the Period, its proportionate contribution was Nil (2024: 13.8%). The Group’s overall development strategy continued to focus on higher-value shoe categories and models.

Consistent with this value-driven growth strategy, the Group maintains a dual focus on cultivating key client relationships and developing new business partnerships. Major customers for the Period included Cat, Chaco, Palladium, Merrell, and Wolverine, which in aggregate contributed 87.8% (2024: 71.8%) of total revenue.

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

Southern Vietnam

The southern Vietnam manufacturing center comprises the main operating facilities along with adjacent premises housing R&D and other production support functions. An additional site is currently undergoing further planning.

This location contributed 55.4% (2024: 52.6%) of total volume output and specialized in producing more sophisticated fashion footwear. To reduce manpower and material wastage, the Group has continued to invest in and expand the application of computerized leather cutting at this center. By integrating automated components into the cutting process, resources are utilized more efficiently, resulting in further cost savings and supporting the Group's commitment to sustainable manufacturing practices.

Cambodia

The Cambodia site has progressively enhanced its capability to handle more complex production processes. Leveraging its cost-effective labor inputs and support from branded clients, some labor-intensive tasks, such as stitching, have been relocated to Cambodia.

During the Period, this center accounted for 44.6% (2024: 47.4%) of total output, in pairs. The Group recognizes the Cambodia site's strategic value and is confident of its long-term growth potential.

Investment 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 athletic footwear manufacturer supplying to international markets.

Investments over the past few years have equipped this associated company with a highly robust capacity to meet more sophisticated production demands. As at the Period-end date, the associated company operated 39 production lines serving world-leading footwear brands, including Crocs, Columbia and Tracksmith.

Driven by a strong order pipeline, its revenue increased 15.5% to approximately HK\$718.1 million (2024: approximately HK\$621.5 million). The associated company was tasked with the manufacturing of newer, more sophisticated product models of higher ASP, and as these new production processes matured, they yielded improved gross margins. The joint venture thus contributed to a 181.0% increase in the share of profit of associates, amounting to approximately HK\$16.3 million (2024: approximately HK\$5.8 million) to the Group.

With an ongoing solid forecast of potential orders, a phased expansion plan for production capacity is set to unfold over the next two to three years. Capital expenditure will be mainly supported by the associated company’s internal resources. This joint-venture operation, possessing niche expertise, has proven its resilience against multiple market headwinds. The Board maintains strong confidence in its long-term prospects.

Investment Properties

At times, depending on the Group’s ongoing business needs and capacity planning, certain wholly owned factories and office properties may not be fully utilized. The Board regularly reviews the options to lease or sell these properties to create returns from this portfolio. This helps the Group make effective use of the unutilized properties to generate additional stable income to enhance working capital and, where feasible, realize the investment value of its assets.

Following the relocation of the R&D center in Zhuhai, the Chinese Mainland, the vacated factory space has been leased out.

During the Period, the Group's investment portfolio was fully leased, providing a stable source of rental income. However, the Board recognizes the challenging business environment and its impact on leasing markets and rental levels in Hong Kong and the Chinese Mainland. In response, the Group is committed to working with tenants to navigate these economic uncertainties, including offering more flexible lease terms to sustain occupancy.

This portfolio of assets yielded gross rental income of approximately HK\$13.3 million (2024: approximately HK\$12.8 million) during the Period.

Talent Development

Valuing diversity across its workforce, the Group's staff team brings a broad spectrum of specialist skills to different business units. This team is motivated by client needs and plays an integral role in fulfilling the Group's mission to establish a world-class business in partnership with its clients. The Group offers competitive remuneration packages, including share option and award schemes, to attract and retain high-performing individuals contributing to its success.

The management team consistently shows commitment and resilience in addressing significant challenges. Their effective leadership and crisis management capabilities have been pivotal during recent periods of macroeconomic uncertainty.

With a sustained multi-year talent development effort, the Group has established a foundational layer of localized leadership at its manufacturing centers. This strong local leadership base plays a vital role in safeguarding production stability and quality. It is a critical asset, especially given the increasing challenges in recruiting competent middle-management talent at these locations.

FUTURE PLANS AND PROSPECTS

The Group anticipates that market uncertainty will persist through the second half of FY2026 and in the near-term future, with business visibility remaining low. Trade tensions and ongoing macroeconomic challenges are expected to continue clouding the operating environment. In view of this, the fast and small procurement pattern observed in recent years is likely to persist, presenting ongoing manufacturing challenges in meeting fluctuating and unpredictable demand.

To navigate these headwinds, the Group has adopted a four-level development and defense strategy.

Upgrade and upskill: The Group is committed to enhancing margins and avoiding price competition by continuing to upgrade its R&D and manufacturing capabilities and upskill its workforce. This will better position the Group to take on more sophisticated product types and progressively improve the product mix. Despite the obstacles posed by market challenges over recent years, the Group remains steadfast in pushing ahead with its value growth strategy.

Grow business and improve economies of scale: The Group will continue to grow its business through active business development and R&D on new product models for both new and existing clients. Business growth helps enhance economies of scale, which in turn drives greater efficiency and improves margins, creating a more stable foundation for sustainable profitability.

Control costs and enhance efficiency: Safeguard the bottom line through stringent cost control over factory overheads and administrative expenses. The Group also pursues continual improvements in operational efficiency by deepening lean manufacturing principles, streamlining workflows, optimizing labor input, and introducing automation where appropriate. These collective efforts will enable the Group to maintain competitiveness amid external pressures.

Disciplined financial management: The Group will ensure resilience by maintaining a strong financial position and diligent cash flow management. These fundamentals will equip the Group to withstand market fluctuations and support sustainable growth despite the uncertain external environment. By prudently managing liquidity and updating its contingency plans, the Group aims to maintain operational stability and flexibility to respond to evolving market conditions.

The Group's long-term development strategy reflects a comprehensive and balanced approach to managing risk, pursuing growth, and securing long-term competitiveness.

Appreciation

I wish to convey my profound appreciation to my fellow directors, senior management and staff members for their steadfast dedication during these challenging times. Likewise, I sincerely thank our business partners, clients, and shareholders for their continued trust and support.

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 30 September 2025, the Group's cash and cash equivalents were approximately HK\$322 million (as at 31 March 2025: approximately HK\$353 million). As at 30 September 2025, the Group did not have any interest-bearing bank borrowings (as at 31 March 2025: Nil). The Group's gearing ratio (total bank borrowings to total equity) was Nil (as at 31 March 2025: Nil).

As at 30 September 2025, the Group had available banking facilities amounted to approximately HK\$40 million (as at 31 March 2025: approximately HK\$40 million), of which Nil (as at 31 March 2025: Nil) was utilized.

As at 30 September 2025, the current ratio was approximately 2.7 (as at 31 March 2025: approximately 2.7) based on current assets of approximately HK\$583 million and current liabilities of approximately HK\$213 million and the quick ratio was approximately 2.2 (as at 31 March 2025: approximately 2.3).

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 Secured Overnight Financing 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 decreased to approximately HK\$1,049 million as at 30 September 2025 (as at 31 March 2025: approximately HK\$1,061 million).

INTERIM AND SPECIAL INTERIM DIVIDENDS

On 28 November 2025, the Board has resolved to declare the payment of a special interim dividend of HK2.0 cents per ordinary share in respect of the six months ended 30 September 2025 to shareholders registered on the register of members on Wednesday, 7 January 2026, resulting in an appropriation of approximately HK\$13.4 million. No interim dividend in respect of the Period was recommended by the Board. The special interim dividend will be payable on or about 28 January 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 January 2026 to Wednesday, 7 January 2026, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the special interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 2 January 2026.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2025, the Company repurchased 204,000 of its ordinary shares of HK\$0.10 each on the Stock Exchange at an aggregate consideration of approximately HK\$149,000 excluding transaction cost and 204,000 repurchased ordinary shares were cancelled during the Period. The repurchase of the Company's shares during the Period 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 Period under review are as follows:

Month/year	Number of shares repurchased	Highest price per share <i>HK\$</i>	Lowest price per share <i>HK\$</i>	Aggregated consideration (excluding transaction cost) <i>HK\$'000</i>
April 2025	<u>204,000</u>	<u>0.76</u>	<u>0.71</u>	<u>149</u>
Total	<u><u>204,000</u></u>			<u><u>149</u></u>

The premium paid on the repurchased and cancelled shares of approximately HK\$129,000 has been debited to the share premium account during the six months ended 30 September 2025. 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 Period.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Taiwan, the PRC, Vietnam and Cambodia had a total number of employees of approximately 6,000 as at 30 September 2025 (30 September 2024: approximately 6,400). The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Awarded shares and share options may also be granted in accordance to the terms of the Group's approved share award scheme and share option scheme. Details of the Group's remuneration pursuant to the share award scheme and the share option scheme during the period will be disclosed in the interim report.

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, during the six months ended 30 September 2025, in compliance with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 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.

The Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed the Group’s auditing, internal control and financial reporting matters during the Period. The Group’s unaudited interim condensed consolidated financial information for the six months ended 30 September 2025 has been reviewed by the Committee, which was of the opinion that the preparation of such financial information complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed their compliance with the required standard set out in the Model Code during the six months ended 30 September 2025.

PUBLICATION OF INTERIM REPORT

The interim report containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the shareholders of the Company in accordance with their election to receive the corporate communications of the Company and published on the websites of the Stock Exchange at <http://www.hkex.com.hk> and the Company at <http://www.irasia.com/listco/hk/kingmaker/interim/index.htm> in due course.

On behalf of the Board
Mdm. HUANG Hsiu-duan, Helen
Chairman

Hong Kong, 28 November 2025

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 three independent non-executive Directors, namely Ms. CHAN Mei-bo, Mabel, Mr. WONG Hin-wing and Mr. LAW Ka-kin.