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 2022

FINANCIAL HIGHLIGHTS

	2022	2021	**Change**
	HK$'000	*HK$'000*	
Revenue	**842,687**	804,720	+4.7%
Gross profit	**25,199**	38,239	-34.1%
Gross profit margin	**3.0%**	4.8%	-1.8 points
Profit/(loss) for the year attributable to equity holders of the Company	**(18,035)**	88,098	N/A
	HK cents	*HK cents*	
Basic earnings/(loss) per share	**(2.69)**	13.05	N/A
	HK cents	*HK cents*	
Proposed final and special final dividends			
Interim dividend per share	**–**	1.5	
Special interim dividend per share	**2.0**	0.7	
Final dividend per share	**–**	1.5	
Special final dividend per share	**2.0**	1.3	
Total dividends per share for the year	**4.0**	5.0	-20%

- Net cash and cash equivalents of approximately HK$290 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 2022, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	**2022** **HK$'000**	2021 *HK$'000*
REVENUE	*3*	**842,687**	804,720
Cost of sales		**(817,488)**	(766,481)
Gross profit		**25,199**	38,239
Other income and gains, net		**28,793**	28,150
Changes in fair value of investment properties		**(20,096)**	122,863
Distribution and selling expenses		**(19,650)**	(17,150)
Administrative expenses		**(80,526)**	(101,810)
Finance costs	*4*	**(30)**	(48)
Share of profit of associates		**32,788**	13,640
PROFIT/(LOSS) BEFORE TAX	*5*	**(33,522)**	83,884
Income tax credit/(expenses)	*6*	**13,703**	(4,100)
PROFIT/(LOSS) FOR THE YEAR		**(19,819)**	79,784
Attributable to:			
Equity holders of the Company		**(18,035)**	88,098
Non-controlling interests		**(1,784)**	(8,314)
		(19,819)	79,784
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK(2.69) cents**	HK13.05 cents
Diluted		**HK(2.69) cents**	HK13.05 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022	2021
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(19,819)**	79,784
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**14,200**	29,105
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**14,200**	29,105
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**(5,619)**	108,889
Attributable to:		
Equity holders of the Company	**(3,835)**	117,203
Non-controlling interests	**(1,784)**	(8,314)
	(5,619)	108,889

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**172,992**	185,271
Right-of-use assets		**71,359**	70,581
Investment properties		**546,724**	547,653
Investments in associates		**63,973**	31,457
Investments in club memberships		**1,845**	1,885
Total non-current assets		**856,893**	836,847
CURRENT ASSETS			
Inventories		**209,008**	160,690
Accounts receivable	*9*	**213,523**	191,054
Prepayments, deposits and other receivables		**8,542**	7,554
Due from an associate		**64,705**	69,073
Tax recoverable		**233**	322
Cash and cash equivalents		**304,428**	377,865
Total current assets		**800,439**	806,558
CURRENT LIABILITIES			
Accounts payable	*10*	**159,743**	130,805
Accrued liabilities, other payables and contract liabilities		**87,982**	76,395
Bank borrowing		**14,773**	–
Lease liabilities		**1,502**	930
Tax payable		**60,743**	72,140
Total current liabilities		**324,743**	280,270
NET CURRENT ASSETS		**475,696**	526,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	2022	2021
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,332,589**	1,363,135
NON-CURRENT LIABILITIES		
Lease liabilities	**2,569**	–
Deposits received	**6,937**	5,246
Deferred tax liabilities	**103,342**	102,637
Total non-current liabilities	**112,848**	107,883
Net assets	**1,219,741**	1,255,252
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**68,111**	68,154
Reserves	**1,142,717**	1,176,401
	1,210,828	1,244,555
Non-controlling interests	**8,913**	10,697
Total equity	**1,219,741**	1,255,252

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

    The amendments did not have any material impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the amendment on 1 April 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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 cash and cash equivalents and other 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 segment information for the year ended 31 March 2022 is disclosed as follows and the comparative amounts in respect of this information are re-presented to conform with current year's presentation.

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**842,687**	804,720	**–**	–	**842,687**	804,720
Rental income	**–**	–	**24,822**	17,358	**24,822**	17,358
Segment results	**(25,507)**	(50,798)	**1,181**	137,100	**(24,326)**	86,302
Unallocated income and gains/(loss), net					**(150)**	2,070
Interest income					**1,963**	4,433
Unallocated expenses					**(11,009)**	(8,920)
Finance costs (other than interest on lease liabilities)					**–**	(1)
Profit/(loss) before tax					**(33,522)**	83,884
Income tax credit/(expenses)					**13,703**	(4,100)
Profit/(loss) for the year					**(19,819)**	79,784
Assets and liabilities						
Segment assets	**802,955**	715,209	**546,724**	547,653	**1,349,679**	1,262,862
Unallocated assets					**307,653**	380,543
Total assets					**1,657,332**	1,643,405
Segment liabilities	**258,447**	199,301	**110,046**	107,653	**368,493**	306,954
Unallocated liabilities					**69,098**	81,199
Total liabilities					**437,591**	388,153

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information						
Depreciation:						
Segment	**29,568**	28,805	**–**	–	**29,568**	28,805
Unallocated					**–**	–
					29,568	28,805
Depreciation of right-of-use assets	**3,611**	3,301	**–**	–	**3,611**	3,301
Capital expenditure*	**14,852**	10,280	**–**	–	**14,852**	10,280
Share of profit of associates	**(32,788)**	(13,640)	**–**	–	**(32,788)**	(13,640)
Impairment of items of property, plant and equipment	**–**	8,399	**–**	–	**–**	8,399
Impairment allowance/(reversal of impairment) of accounts receivable	**(1,234)**	329	**–**	–	**(1,234)**	329
Fair value loss/(gain) on revaluation of investment properties	**–**	–	**20,096**	(122,863)	**20,096**	(122,863)
Provision for inventories	**8,570**	3,718	**–**	–	**8,570**	3,718
Loss/(gain) on disposal of items of property, plant and equipment, net	**10**	(49)	**–**	–	**10**	(49)

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

Geographical information

(a) Revenue from external customers

	2022	2021
	HK$'000	*HK$'000*
The United States of America	**374,444**	170,713
Europe	**204,678**	254,538
Asia	**109,956**	273,745
Others	**153,609**	105,724
	842,687	804,720

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

(b) Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**54,712**	59,413
Mainland China	**511,597**	512,235
Cambodia	**71,318**	73,486
Vietnam	**153,159**	157,972
Others	**289**	399
	791,075	803,505

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 2022 and 2021 is as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**545,674**	343,542
Customer B	**N/A***	217,296
Customer C	**N/A***	83,114
Customer D	**208,968**	N/A*
	754,642	643,952

* 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

	2022	2021
	HK$'000	*HK$'000*
Interest on bank loans	**–**	1
Interest on lease liabilities	**30**	47
	30	48

5. PROFIT/(LOSS) BEFORE TAX

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

	2022	2021
	HK$'000	*HK$'000*
Cost of inventories sold	**479,704**	454,070
Depreciation of property, plant and equipment	**29,568**	28,805
Depreciation of right-of-use assets	**3,611**	3,301
Provision for inventories	**8,570**	3,718
Amortisation of club memberships	**40**	39
Impairment of property, plant and equipment	**–**	8,399
Impairment allowance/(reversal of impairment) of accounts receivable	**(1,234)**	329
Employee termination benefits	**–**	5,387
Loss/(gain) on disposal of items of property, plant and equipment, net	**10**	(49)
Fair value loss/(gain) on revaluation of investment properties	**20,096**	(122,863)
Bank interest income	**(1,923)**	(4,313)
Interest income from accounts receivable	**(40)**	(120)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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.

	2022	2021
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**208**	2,819
Overprovision in prior years	**604**	–
Current – Elsewhere		
Charge for the year	**5,000**	2,503
Overprovision in prior years	**(16,000)**	(41,116)
Deferred	**(3,515)**	39,894
Total tax expenses/(credit) for the year	**(13,703)**	4,100

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2021: 16.5%), the Vietnam Corporate Tax rates of 15% to 20% (2021: 15% to 20%), the Cambodia Corporate Tax rate of 20% (2021: 20%), the Taiwan Corporate Tax rate of 20% (2021: 17%), the Corporate Income Tax rate in Mainland China of 25% (2021: 25%) and the respective tax holidays granted to the subsidiaries of the Group in Cambodia (2021: Cambodia).

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

The calculation of the basic loss per share (2021: basic earnings per share) amount is based on the loss for the year attributable to equity holders of the Company of HK$18,035,000 (2021: profit of HK$88,098,000), and the weighted average number of ordinary shares of 671,566,334 (2021: 675,014,081) in issue during the year, as adjusted to reflect the number of shares of 7,798,000 (2021: 10,678,000) held under the share award scheme of the Company and shares of 740,000 repurchased during the year and cancelled subsequent to the year end date.

For the year ended 31 March 2022, no adjustment has 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.

For the year ended 31 March 2021, no adjustment had 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.

8. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2021 – HK1.5 cents per ordinary share (2021: Nil)	**10,084**	–
Special final in respect of the financial year ended 31 March 2021 – HK1.3 cents per ordinary share (2021: special final dividend of HK2.0 cents per ordinary share)	**8,740**	13,518
Interim – Nil (2021: HK1.5 cents) per ordinary share	**–**	10,136
Special interim – HK2.0 cents (2021: HK0.7 cent) per ordinary share	**13,475**	4,730
	32,299	28,384
Proposed final and special final dividends		
Special final – HK2.0 cents (2021: HK1.3 cents) per ordinary share	**13,595**	8,860
Final – Nil (2021: HK1.5 cents) per ordinary share	**–**	10,223
	13,595	19,083

The proposed special final dividend for the year is 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

	2022	2021
	HK$'000	*HK$'000*
Accounts receivable	**217,565**	196,330
Impairment	**(4,042)**	(5,276)
	213,523	191,054

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 and net of impairment, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**207,916**	177,025
Between 91 and 180 days	**5,341**	13,726
Between 181 and 365 days	**266**	303
	213,523	191,054

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:

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**108,500**	91,189
Between 91 and 180 days	**39,521**	27,940
Between 181 and 365 days	**4**	2,024
Over 365 days	**11,718**	9,652
	159,743	130,805

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

DIVIDENDS AND SHARE REPURCHASES

A special interim dividend of HK2.0 cents per ordinary share was paid on 25 January 2022. The Directors recommend the payment of a special final dividend of HK2.0 cents per ordinary share in respect of the year to shareholders on the register of members on Monday, 5 September 2022. No final dividend in respect of the year was recommended by the Directors. Subject to the passing of the relevant resolution at the forthcoming Annual General Meeting ("AGM") of the Company, the special final dividend will be payable on or about Monday, 26 September 2022 in cash in Hong Kong dollars.

In addition to dividend payments, the Company repurchased 740,000 of its ordinary shares at prices ranging from HK$0.99 to HK$1.06 per share during the course of the financial year and cancelled the repurchased shares subsequent to the year end date. 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 Tuesday, 23 August 2022 to Friday, 26 August 2022, 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 Monday, 22 August 2022.

(b) Entitlement to the proposed special final dividend

The record date for entitlement to the proposed special final dividend is Monday, 5 September 2022. For determining the entitlement to the proposed special final dividend, the register of members of the Company will be closed from Thursday, 1 September 2022 to Monday, 5 September 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed special final dividend, 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 Wednesday, 31 August 2022.

CHAIRMAN'S STATEMENT

MACROECONOMIC DISCUSSION

Despite an overall recovery in 2021, the momentum of growth in major economies has weakened towards the year end as the boosting effects of monetary and fiscal stimuli began to recede, and supply-chain challenges escalated.

As we enter 2022, geopolitical conflicts will likely set back the global recovery. These events will also bring spillover impacts on commodity prices and supply, which will elevate inflation amid slower growth. Further supply-chain instability is expected due to more recent lockdowns in the manufacturing and logistics hubs of China.

Looking ahead, labor shortages, the rising prices of raw materials and logistics costs will remain three of the key factors that can erode efficiency and margins, and will create higher uncertainty for manufacturers, including the Group.

From the current order pipeline, the first half of the coming year will see strengthened growth momentum, but as we actively work with our customers about production plans, we will remain attentive to the operating risks ahead.

STRATEGIES AND OUTLOOK

In spite of the uncertain business environment, the Group is 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 the following 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 a diverse and talented team of people, while continuing to drive resilience and sustainability in our operations.

Rekindle business growth and enhance revenue profile

The Group's first-quarter performance in the financial year 2023 reaffirmed our positive outlook for the revival of medium-term sales impetus. As our marketing teams actively engage clients in business development and order planning, we are focusing on serving customers whose products are aligned to key underlying trends that can drive long-term consumer demand. We are also redoubling our research and development ("R&D") efforts to support clients' introduction of new products to the market. At the same time, we are carefully making advance workforce planning and raw material procurements in preparation for upcoming client requirements.

In line with our ongoing strategy of pursuing value growth, we have actively managed our clientele portfolio with a focus on products that deliver higher profit margins. Through consistent efforts, we have achieved improvements in the average selling price ("ASP") over the past two years. Initiatives to upgrade the product portfolio will continue. Additionally, in light of the volatile operating environment, we will cautiously recruit and retain customers with due consideration given to their market performance, credit quality and growth prospects.

Active capacity planning

The maintenance of a cross-location production platform is crucial to our ability to serve varying client requirements in terms of workers' skills, origin of manufacture and raw materials supply. In line with clients' sales forecasts, we proactively plan the capacities, production line configurations and workforce deployments for each center. In this connection, the capacity in Cambodia will be expanded to meet medium-term demand growth. We will also monitor the procurement plans of clients and adjust the capacity in southern Vietnam accordingly.

Pursue operational excellence

As a production partner for leading footwear brands, we place emphasis on innovation in R&D, the use of materials through to the manufacturing process in order to fulfill the ever-changing design needs of clients. We also constantly enhance the work process to cope with new requirements. An example was the design of the concept-line configuration to cater to quick production cycles and frequent line changes.

As part of our overall mission to increase competitiveness through operational excellence, we aim to engage in a thorough and in-depth revamp of our manufacturing process in the financial year 2023. Through constant enhancements, we seek to achieve further efficiency gains, improve overall performance and output quality for our production centers. Automation and digitalization of production procedures will continue to be phased in where appropriate.

In addition, in the face of disruptions from the pandemic, our local management teams are looking into production line realignments that can flexibly respond to ad hoc events.

Mitigate cost inflation

We will maintain stringent measures to mitigate inflationary pressures. Driving cost control initiatives across our operations, we are constantly advancing our lean manufacturing and enterprise resource planning systems. Today's retail realities compel brand owners to often delay and reduce the size of orders. We have worked closely with our clients to meet the majority of their demand while seeking more favorable terms for production. At the same time, our local management teams have re-examined the work flow to analyze and reduce inefficiencies caused by shorter procurement cycles and smaller batch sizes. Strict cost control also applies to the sales, administrative and other corporate functions of the Group.

Talent development

Kingmaker nurtures and maintains a team which brings to the Group a wide array of specialist skills. Our people are committed to helping clients thrive as we build a world-class company that can share in their success.

To acquire and retain talents, the Company offers competitive compensation packages, with a share option scheme and a share award scheme as further incentives and rewards to eligible participants who contribute to the success of the Group.

I take pride in our highly capable management team, which has consistently met unprecedented challenges with dedication and resolve. With the team's strong leadership and crisis management capabilities, the Group has navigated its way across very difficult operating terrain over the past few years.

I am also encouraged by the success we have achieved in building up local management teams in Vietnam and Cambodia, as evident in the role they played in coping with the COVID-19 induced disruptions during the year ended 31 March 2022 (the "Year"). They have shown both commitment and leadership ability to share management responsibility in the face of challenging events. We believe localization is important for the long-term development of our manufacturing locations.

Resilience and sustainability

Major disruptive events over the past couple of years, including the COVID-19 pandemic, trade conflicts and geopolitical tensions, have called for new levels of preparedness. Amid surging threats that add to business risk, our first line of defense is to support continuity of our operations and provision of services for clients. In the context of our manufacturing activity, workforce resilience is of utmost importance. We have therefore arranged on-site vaccination for our employees at the plants in relatively early stages of COVID-19 resurgence. We also strive to assure production stability by making advance workforce and raw materials procurement planning, enforcing strict disease prevention measures in our facilities, and constantly renewing our crisis mechanisms at different operating levels.

In a broader and longer-term perspective, we face potential shocks from more profound market and technological changes. We therefore seek to build resilience by enhancing our operations and updating our value proposition in order to protect us against these disruptive forces.

In addition to business resilience, it is important that we continue practicing sustainable manufacturing which involves standard procedures and new initiatives to reduce the carbon footprint of production, while following strict guidelines to ensure employee, product and community safety. Such efforts are overseen by a sustainability working group which comprises our executive directors, senior management and heads of our production centers.

Importantly, Kingmaker includes key stakeholders in its sustainability journey:

– Planet: Manage and minimize carbon footprint along the value chain

– Progress: Collaborate with clients to pursue advancement through innovation, application of technologies and talent empowerment

– People: Care about employee well-being

– Profits: Create long-term shareholder value

CONCLUDING REMARKS

The Group was motivated to witness revived market demand during the Year, which led to branded customers adopting more aggressive procurement strategies, benefitting our order book. Sales recovery momentum has extended well into the April-to-June quarter of the coming year, but we are conscious of the fact that the pandemic is yet to be completely calmed down and retains the potential to interrupt supply chains.

Other ongoing risk factors associated with COVID-19 include rising logistics and material costs, as well as the added pressure it puts on labor supply. The Group remains cautiously optimistic, but will closely monitor and adjust our strategies according to the prevailing market trends.

Given the worldwide inflation and increasing interest rates, and with geopolitical tensions running high, the operating environment will continue to be clouded by uncertainties. It is important that the Group maintains a strong financial position as a safeguard.

Taking a long-term view in our development, our corporate decisions are made with careful consideration to balance our core competencies, carrying capacity, business development needs, market demand, service to clients and stakeholder interests. Kingmaker will continue to take measured and steadfast steps to build a resilient and sustainable company that serves the interests of clients, shareholders, employees and other stakeholders in society.

APPRECIATION

I would like to thank my fellow directors, senior management and staff members. Their dedication and diligence have placed us closer to our long-term goals. To our business partners, clients and shareholders, I deeply appreciate 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 2022 (the “Year”).

In line with the Group’s previous-year outlook, encouraging signs of business recovery were spotted at the start of the Year, with a satisfactory April-to-June quarter that delivered a double-digit increase in revenue. This growth track was, however, interrupted amid a resurgence of COVID-19 cases in the area where the Group’s main factory is located. During the three months from mid-July to mid-October 2021, production at the Group’s factory in Thuan An, Binh Duong Province, southern Vietnam, was compelled to halt temporarily.

While the temporary production halt in southern Vietnam has inevitably weakened the Group’s performance in the first half of the Year, production resumption in phases from 11 October 2021 onwards has enabled the Group to recover sales revenue and regain growth momentum during the latter half.

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.

Revenue

During the Year, revenue increased by 4.7% year on year to approximately HK$843 million (2021: approximately HK$805 million) with a 0.3% decrease in footwear business volume (pairs).

Revenue growth was achieved on the back of a solid order pipeline, and also as a result of the Group’s ongoing strategy to pursue higher-profit-margin business growth. With continuous efforts to enhance its revenue profile, a 3.7% improvement in the average selling price (“ASP”) was recorded for the Year.

Gross Profit

The Group reversed the first-half gross loss position and achieved a gross profit of approximately HK$25 million (2021: approximately HK$38 million) for the full Year. The gross profit margin decreased to approximately 3.0% (2021: approximately 4.8%), mainly attributable to:

(i) The temporary production halt in southern Vietnam from July to October 2021, resulting in:

   (a) increased labor-to-revenue ratio owing to non-recurring mandatory payment of wages (at the minimum wage level) to the employees of the affected factory during the period of the halt; and

   (b) additional one-off costs incurred for COVID-19 inspections of the employees, as well as disinfection of the factory premises;

(ii) and an increase in materials and supply-chain costs, including:

   (a) higher upstream supply-chain costs owing to raw material price hikes driven mainly by rising oil prices;

   (b) increased subcontracting charges for order fulfillment; and

   (c) higher transportation costs for the delivery of materials.

With the pandemic situation interrupting the Group's workforce planning and maintenance, labor costs remained a key factor of the input cost inflation. During the Year, direct wages went up to approximately HK$187 million (2021: approximately HK$169 million). Proportionate direct labor wages increased to 22.2% of revenue (2021: 21.0%).

Meanwhile, the increase in material costs was attributed to rising prices of raw materials including leather and outsoles, as well as the usage of more leather material for higher-value items and increased research and development ("R&D") in support of new business development.

Net Profit/Loss

The Group recorded a net loss attributable to equity holders of the Company of approximately HK$18 million (2021: net profit of HK$88 million) for the Year, mainly as a result of:

(i) the absence of the one-off fair value gain of approximately HK$123 million arising from the revaluation of investment properties (mainly the property at the Zhuhai plant) recorded during the year ended 31 March 2021, against a fair value loss of HK$20 million for the Year; and

(ii) an increase in provision for inventories;

which were partially offset by:

(i) increased share of profit of approximately HK$32.8 million (2021: approximately HK$13.6 million) from the Group's associates operating in central Vietnam.

Loss per share attributable to equity holders of the Company for the Year was approximately HK2.7 cents (2021: earnings of approximately HK13.1 cents).

Key Financial Ratios

The Group continued to maintain healthy financial ratios during the Year:

- Debtors' turnover increased to 88 days (2021: 74 days) for the Year;
- Creditors' turnover increased to 100 days (2021: 92 days);
- Stock turnover was 141 days (2021: 132 days) on temporary holding of stock at customers' request;
- Strong liquidity with net cash in hand of approximately HK$290 million as at 31 March 2022 (2021: approximately HK$378 million);
- Gearing ratio (total bank borrowings to total equity) of approximately 1.2% (2021: Nil) due to a temporary bank loan granted to the southern Vietnam factory; and
- Current and quick ratios were 2.5 and 1.8 respectively (2021: 2.9 and 2.3 respectively).

Final and Special Final Dividend

In light of the net loss incurred for the Year and in anticipation of ongoing uncertainty surrounding the operating environment, the Board has resolved not to pay a final dividend (2021: HK1.5 cents per ordinary share) for the Year, but a special final dividend of HK2.0 cents (2021: HK1.3 cents) per ordinary share in respect of the Year was recommended. Together with the special interim dividend of HK2.0 cents per ordinary share, this brings the total dividends for the Year to HK4.0 cents (2021: HK5.0 cents) per ordinary share.

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

As more countries began to relax the coronavirus pandemic-related restrictions, the global economy has been on the recovery track during the Year, benefiting from stronger consumer sentiment and economic activity.

Across the markets that the Group's customer brands serve, footwear retail performed strongly in 2021, with product price and sales growth seen in multiple product categories. However, while major consumer markets offered reassuring retail data, substantial challenges continued to emerge from the cost side of the equation, both as a result of the rising raw material prices and supply chain disruptions bringing additional logistics expenses. In addition, lockdowns in different ports have caused a worldwide slowdown in the flow of raw materials and finished goods. Port congestion and other logistics bottlenecks are yet to be fully eased.

Despite continuing global economic recovery, considerable uncertainty still lies ahead. The Group will stay alert to the challenges, take all necessary measures to control costs in view of cost-side fluctuations, flexibly plan and manage capacity, and maintain financial strength to support its provision of R&D and production solutions for clients.

Manufacturing Business

The Group currently operates two 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 People's Republic of China (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 setup. They contributed an annual capacity of around 7 million pairs of shoes, and were 78.0% utilized (2021: 78.1%).

In southern Vietnam, there were 15 concept lines and 4 traditional lines in operation, with two obsolete lines phased out during the Year owing to product mix upgrade. Coupled with the 10 concept lines the Group had in Cambodia, the robust and multi-location production platform enables the Group to provide capacity with flexibility, in order to cater to customers' sourcing plans in terms of country of manufacture.

The geographical distribution of markets continued to be demand-led, while at the same time, the Group supports its clients' efforts to develop markets with good prospects. 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%). The performance of the athleisure product category continued to be lackluster with its share decreased to 0% (2021: 4.4%).

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.

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

Southern Vietnam

The southern Vietnam 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.

This location remained a core manufacturing site for the Group. However, bursts of COVID-19 cases in the surrounding area compelled the factory to temporarily halt production during the latter part of 2021. When the plant started to resume production in mid-October 2021, some workers had to delay their return dates as they had left for their home towns during the pandemic. The plant returned to normal capacity in mid-February 2022.

As a result, the site's contribution to total volume output dropped to 55.0% (2021: 69.2%) during the Year. On the back of a strong order book, the plant has shown encouraging growth in the subsequent months. The Group is confident of the recovery of this site in the first half of the year ending 31 March 2023.

Cambodia

With the support of the local government authorities, the Group has further expanded its foothold in this major footwear manufacturing country for the world.

During the Year, the Cambodia site contributed 45.0% (2021: 30.8%) of output in pairs. The increase was mostly organic and partly attributable to the site's further maturity in capacity and efficiency.

As the pandemic has been effectively contained in Cambodia, the center has maintained normal production throughout the Year, albeit with minor breaks to facilitate on-site vaccinations for employees.

The Cambodia center has gained further momentum, and is set to grow into a more important manufacturing location for the Group. Registering satisfactory order growth, the site has seen an addition of two stitching lines during the Year as planned to cater to promising sourcing plans from clients.

The manufacturing operations in Cambodia have continued to mature, enabling this center to now fill orders for more sophisticated models. With client support, the Group will prudently plan further capacity expansion for this hub.

Mainland China

All of the Group's manufacturing activity in the country has been discontinued and relocated to other Asian centers.

At the request of clients, an R&D center was maintained in Zhuhai, staffed by a lean workforce. The Group will continue to monitor its utilization and proactively consider adjustments to the R&D offerings at this site as deemed appropriate.

With the exception of the R&D center, the Zhuhai plant was leased out and continued to generate a stable stream of recurrent rental income for the Group. The Board will continue to monitor the local business environment and the overall property market, and will work with the tenant in response to the market trends.

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 athletic footwear manufacturer for the international market.

With the addition of three production lines during the Year, the associated company operated a total of 27 lines as at the Year-end date. It is mainly engaged in production for world-leading footwear brands Crocs and Columbia, both of which registered sales growth in their respective markets during 2021.

This associated company thus showed strong revenue growth during the Year. It delivered an approximately 89.6% increase in revenue to approximately HK$895 million (2021: approximately HK$472 million).

With an enlarged scale and enhanced workforce efficiency, the associated company contributed to the Group a share of profit of associates of approximately HK$32.8 million (2021: approximately HK$13.6 million).

In view of the strong order pipeline and growth prospects, the associated company is planning to further ramp up capacity with capital expenditures to be funded internally. Given the strong background and expertise of Evervan, the Board is confident of continued positive performance by the associated company.

Investment Properties

Depending on the Group's business needs and capacity planning, certain self-owned factories and office properties may not be fully utilized at times. The Board regularly considers these properties' sales or leasing options and potential in order to create returns on these assets. This 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 Year, the portfolio of assets classified as investment properties was all leased out, yielding a gross rental income of approximately HK$24,822,000 (2021: approximately HK$17,358,000), or a gross yield of approximately 4.5% 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 greater long-term value for shareholders.

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 2022, the Group's cash and cash equivalents were approximately HK$304 million (2021: approximately HK$378 million) and total bank borrowings of approximately HK$15 million (2021: Nil). The Group's gearing ratio (total bank borrowings to total equity) was approximately 1.2% (2021: Nil). As at 31 March 2022, the Group had net cash and cash equivalents of approximately HK$290 million (2021: approximately HK$378 million).

As at 31 March 2022, the Group had available banking facilities amounted to approximately HK$55 million (2021: approximately HK$40 million) with various banks, of which approximately HK$15 million (2021: Nil) was utilized.

For the year ended 31 March 2022, the current ratio was approximately 2.5 (2021: approximately 2.9) based on current assets of approximately HK$800 million and current liabilities of approximately HK$325 million and the quick ratio was approximately 1.8 (2021: 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 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

The Group is substantially debt free. Shareholders' equity decreased to approximately HK$1,211 million as at 31 March 2022 (2021: approximately HK$1,245 million).

Purchase, Redemption or Sale of Listed Securities

During the Year, the Company repurchased 740,000 of its ordinary shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of approximately HK$774,000 excluding transaction cost and cancelled the repurchased shares subsequent to the year end date. 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 are as follows:

Month/Year	Number of shares repurchased	Highest price per share	Lowest price per share	Aggregate consideration (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
February 2022	246,000	1.05	0.99	252
March 2022	494,000	1.06	1.04	522
Total	740,000			774

The premium paid on the repurchase of the shares of approximately HK$700,000 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 7,700 employees as at 31 March 2022. 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, the trustee of the Company's share award scheme adopted on 26 June 2019 (the "Share Award Scheme") did not purchase any shares on the market. 2,880,000 shares have been awarded under the Share Award Scheme during the Year.

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 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 2022, 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 2022.

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 2022 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 2022 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 2022 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, 30 June 2022

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.