

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

RESULTS SUMMARY

Revenue	收入
Gross profit	毛利
Operating profit	經營溢利
Profit for the year	年度溢利

FINANCIAL RESULTS

Revenue

Revenue of the Group for the year was approximately HK\$3,075,305,000 (2020: approximately HK\$2,432,021,000), an increase of 26.5% over the same period last year, which was mainly due to the increase of revenue of plastic products processing and manufacturing business and industrial consumables trading business.

Gross profit

Gross profit of the Group increased by 33.5% over last year's to approximately HK\$544,491,000 (2020: approximately HK\$407,978,000), which was mainly due to the increase of gross profit of plastic products processing and manufacturing business. Gross profit margin of the Group also increased by 0.9 percentage point to 17.7% for the year as compared to that of last year.

Profit for the year

The net profit of the Group greatly increased from approximately HK\$25,878,000 to approximately HK\$84,205,000. This increase was primarily due to gross profit margin of the Group has been significantly improved and for better cost control in this year.

業績摘要

	2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	Change 變動
Revenue	3,075,305	2,432,021	+26.5%
Gross profit	544,491	407,978	+33.5%
Operating profit	119,813	49,929	+140.0%
Profit for the year	84,205	25,878	+225.4%

財務業績

收入

本集團本年度之收入報約3,075,305,000港元（二零二零年：約2,432,021,000港元），比去年同期增加了26.5%，主要是由於注塑製品加工及製造業務及工業消耗品之貿易業務的收入上升所致。

毛利

本集團之毛利比去年上升33.5%至約544,491,000港元（二零二零年：約407,978,000港元），主要是由於注塑製品加工及製造業務的毛利上升所致。本集團本年度之毛利率亦比去年同期上升0.9個百分點至17.7%。

年度溢利

本集團的溢利淨額由約25,878,000港元大幅上升至約84,205,000港元，該增長主要是由於本集團本年度之毛利率顯著改善及更有效成本控制。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層論述及分析 (續)

Administrative expenses

The administrative expenses of the Group was approximately HK\$213,423,000 for the year, decreased by 4.2% as compared to approximately HK\$222,678,000 for last year, mainly due to the implementation of effective cost measures by the Group.

Selling and distribution costs

The selling and distribution cost of the Group for 2021 amounted to approximately HK\$197,414,000, increased by 30.6% as compared to approximately HK\$151,200,000 for last year. This increase was mainly due to significant increase in sales commission.

Finance costs

The Group's finance costs amounted to approximately HK\$17,741,000 for the year, representing a decrease by 12.7% as compared to approximately HK\$20,315,000 last year which was mainly due to gradual repayment on bank borrowings. The Group will continue to improve the efficiency of capital utilisation and strive for the most favorable conditions for bank credits, so as to reduce the overall finance charges.

Other income

The net of other gains and income of the Group decreased by 58.0% from approximately HK\$15,829,000 for 2020 to approximately HK\$6,646,000 for 2021, which was mainly due to decrease in government grants.

行政費用

本集團本年度行政費用約213,423,000港元，比去年的約222,678,000港元下降4.2%，主要是由於本集團的成本監控行之有效。

分銷費用

本集團二零二一年度分銷費用約197,414,000港元，比去年同期約151,200,000港元上升30.6%，主要是由於銷售佣金大幅上升。

財務費用

本集團本年度財務成本約17,741,000港元，較去年約20,315,000港元下降12.7%，主要原因是本集團逐步償還銀行借款。本集團將持續提高資金使用效率及爭取銀行最優授信條件，以降低整體財務費用。

其他收入

本集團的其他收益及收入淨額由二零二零年約15,829,000港元減少58.0%至二零二一年約6,646,000港元，主要是由於政府補貼減少。

BUSINESS REVIEW

Machinery Manufacturing Business

The Group's injection moulding machine ("IMM") manufacturing business achieved sustained growth for 2021. Strong order intake for IMM was notable especially in the first half of the year, in line with other machinery manufacturers in Mainland China. Throughout the year, sales of our small and medium-sized machines continue to dominate. Robust sales were recorded in customer industry segments such as daily consumer products, packaging, PVC (Polyvinyl Chloride), and household appliances. A highlight of our sales growth was growing customer adoption of customized industry specific machine series catered for PET (Polyethylene Terephthalate) packaging and IT electronics, as our customized features and solutions fit customers' sophisticated needs. Furthermore, sales to the automotive and consumer electronics industries rebounded from depressed levels experienced last year. Our export business also achieved notable year on year growth. In all, net profits for this business recorded notable growth compared to last year.

However, despite strong order intake in the first half of 2021 which pushed our production capacity to peak levels, the expected pullback in demand was visible since the third quarter. Demand for IMM was notably weaker in the second half of the year as customers in multi-segments experienced soaring raw materials costs, abrupt electricity shortages, unprecedented surges of freight costs for shipment and limited supply of containers, which hindered customers' sales and investment sentiments. Despite pullback in order intake, orders for large-sized two-platen machines rebounded slightly in the second half of the year. Our latest version of full electric machines was successfully launched this year with satisfactory customer feedback on machine features and quality. We are confident our full electric series will suit the changing customer requirements in reduced energy consumption, injection moulding precision and stability, and digital transformation.

業務回顧

機械製造業務

本集團注塑機(「注塑機」)製造業務在二零二一年實現了持續增長。與中國內地其他機械製造企業相若，上半年訂單量非常可觀，全年銷售的佔比仍以中小型機器系列為主，在日常消費用品、包裝、PVC(聚氯乙烯)及家電等行業的客戶錄得穩健佳績。越來越多的客戶採用的PET(聚對苯二甲酸乙二酯)包裝以及電子科技行業的專用機系列銷售表現最為亮麗，基於其特定的功能及解決方案均貼合客戶複雜的需求。此外，去年陷入市況低迷的汽車及消費電子行業銷售則呈現回升，而我們出口業務也取得顯著的同比增長。總括而言，此業務的淨溢利與去年同期相比錄得可觀增長。

然而，儘管本業務的訂單量在二零二一年上半年錄得強勁增幅，帶動產能攀升至高峰，但正如預期，自第三季度起需求回落。由此可見，於下半年注塑機需求確實出現大幅度的收縮，這主要因為多個板塊的客戶要面對原材料成本飆升、突發性電力短缺、貨運成本上漲幅度之大以往從未發生及集裝箱供應短缺，大大打擊了客戶的銷售及投資意欲。雖然訂單量有所回落，但大型兩板機系列的訂單卻於下半年有所反彈。年內，我們成功推出最新系列的全電機，客戶對機器功能及質量表示滿意。我們有信心該系列能滿足客戶對於節能、注塑精準度與穩定性，以及數碼化轉型方面多變的需求。

Amid strong growth in orders and sales, the business confronted key challenges in supply chain management and agile production management. Delivery of key components were disrupted and reduced our production efficiency in the first half of 2021, as our industry peers scrambled to secure timely supplies. Costs for raw materials namely cast iron, motion and drive components surged past record levels. In response, selling prices were adjusted slightly upwards but impact of increased raw materials costs was not fully passed onto customers and as a result, affected our profit margins. With high praise to our production teams, the two production plants responded in an agile fashion to ramp up production capacities and efficiencies to deliver the orders focused on small and medium-sized machines.

New machining centres and production equipment were successfully installed and on line in the latter half of 2021. In addition, water-based spray painting lines were further expanded to align with strict air pollutants emissions reduction goals. These new investments will further enhance our production capabilities and capacities to meet future growth targets.

Customer adoption of our self-developed smart digital industrial platform “iSee 4.0” are encouraging, while our production bases have further integrated our highly customized version of “iSee 4.0” to enhance digitalization of our production and management processes.

While the Group is confident in the IMM business’s progress in product development and its abilities to achieve growth in an expanding market in the longer term, we are cautious on our business outlook for 2022. Rising and volatile costs in terms of raw materials, parts and components, labour, and shipment are likely to affect our business and customers in the coming year. Forecast for domestic and global demands for plastic goods and machines are difficult to sustain previous high growth rate. Therefore, any change will have a material impact on the performance of this business. Furthermore, the IMM business will focus on further penetrating key industries such as renewable energy, electric vehicles, infrastructures, medicals, and consumer electronics to adapt with the changing economic environment. In order to further solidify our competitive strength and achieve sustainable business growth in the long run, the Group supports further investments in research and development, capital expenditures, talent recruitment and training development.

在訂單及銷售強勁增長的情況下，本業務卻要面臨著供應鏈管理及敏捷生產管理的重大挑戰。在二零二一年上半年，同業為了確保產品供應穩定而搶購關鍵零部件，導致關鍵零部件供應中斷拖累了生產。鑄鐵、驅動和運行組件等原材料成本飆升至創紀錄水平，迫使我們把產品售價略微上調，但成本漲幅無法完全轉嫁給客戶，業務的盈利率因而受影響。本集團對於兩廠的生產團隊為集中做好中小型機器的訂單而快速調整生產，使產量和生產效率得以大幅提升，給予高度的讚賞與肯定。

在二零二一年下半年，新加工中心及生產設備已完成安裝調試且成功投產。除此之外，為符合嚴格的空氣污染物減排目標，噴漆線已全面切換水性油漆噴塗。隨著上述新投資相繼啟用，我們的產能及產量將會再進一步提升，從而達到未來業務增長的目標。

我們自行研發之數碼智慧工業「iSee 4.0」平台迎來令人鼓舞的客戶增長，同時我們的生產基地採用更高效的「iSee 4.0」的高階定制版本，增強了我們的生產和管理流程數碼化。

本集團有信心，隨著注塑機業務加大產品開發力度及擴大市場拓展的帶動下，長遠而言，將會保持適度增長，但是對二零二二年的前景抱持審慎的態度。來年業務和客戶也許繼續受到原材料、零部件、勞工及貨運價格波動上揚所影響，而且難以預測國內外對塑料產品及機器的需求會否繼續增加，因此，任何變化將對業績表現造成重大影響。此外，注塑機業務進而向可再生能源、電動汽車、基建、醫療及消費電子重點行業滲透，以配合不斷轉變的經濟環境。為進一步鞏固競爭優勢並實現業務長期可持續增長，本集團將繼續投放更多資源在研發上，以及投入更多資本開支，同時，我們繼續著力人才招聘以及培訓發展。

For the extrusion and rubber injection moulding machines and hydraulic presses manufacturing business, it achieved steady growth in financial performance compared to last year. Sales of our customized and highly automated rubber injection moulding machine series catered to the transportation and automotive industries recorded satisfactory growth in Mainland China and export markets. Our five-layer co-extrusion machines specialized for the automotive market continues to attract support from key customers. Additionally, our highly automated hydraulic presses systems specially designed for automotive braking parts achieved breakthrough in orders from key customers. Further expansion on innovative applications will continue to strengthen our areas of competitive differentiation.

Despite achieving satisfactory growth momentum, the management team devoted significant effort to confront major challenges. Raw materials prices, namely cast iron, machining of parts, motion and drive components surged to new heights, while the management team worked closely with suppliers to ensure timely delivery of raw materials and components. The business alleviated the negative impact of high raw material costs by promoting higher-end customized models, revise selling price, and closely cooperate with suppliers. Moreover, overseas freight and shipment costs surged to record levels which affected our order intake, sales, and timely delivery to export markets.

The business also achieved notable awards and recognitions in terms of research and development and innovation. Our rubber track automatic production machines (全段橡膠履帶成型機) and multi-layer nylon automotive tubes and bellows extrusion line (多層尼龍複合管擠出生產線) obtained the awards of "The First (Set) Key Technical Equipment Project in Dongguan City (東莞市首台(套)重點技術裝備)" and "Famous Quality High-tech Products of Guangdong Province (廣東省名優高新技術產品)", respectively. In addition, our continuous efforts in research and development was recognized by the Department of Industry and Information Technology of Guangdong Province, being awarded as one of the "Specialized, Refined, Unique and Innovated Small and Medium-sized Enterprises in Guangdong Province in 2021 (2021年廣東省專精特新中小企業)".

至於擠出機、橡膠注射機及油壓機製造業務，業績增長較去年同期相比穩定。我們專注為交通和汽車行業定制的高度自動化橡膠注射機系列的銷售，在中國內地及出口市場均錄得滿意的增長，汽車行業專用的五層共擠出機亦不斷吸引主要客戶的青睞。除此之外，專為汽車剎車組件設計的高度自動化的油壓機系統的訂單也在重點客戶群中取得突破。為加強我們與別不同的競爭優勢，此業務會進一步增加創新研發。

儘管本業務增長勢頭良好，但管理團隊卻投入了大量精力沉著應對業務上帶來的艱巨挑戰。在鑄鐵、零件加工及驅動和運行組件等原材料價格屢創新高時，管理團隊與供應商緊密溝通，確保原材料及零部件得以按時交付。為了將原材料價格高漲對業務不利的影響減至最低，我們不但推廣更高端的專用型號和調整售價，更積極與供應商保持緊密溝通和合作。此外，海外貨運成本也大幅提升至創紀錄水平，皆對訂單和銷量造成影響，而且還導致我們可能無法及時向海外客戶交付產品。

此業務在研發及創新技術方面也獲得著名獎項及嘉許。我們的全段橡膠履帶成型機獲認定為「東莞市首台(套)重點技術裝備」，以及多層尼龍複合管擠出生產線被評選為「廣東省名優高新技術產品」。此外，憑藉我們多年在研發方面努力不懈，今年更獲得廣東省工業和信息化廳的認可，獲選為「2021年廣東省專精特新中小企業」之一。

For the upcoming year, the Group is cautiously optimistic of achieving steady growth. The automotive, heavy transportation and electric vehicle industries are the key markets for this business, and we expect these industries to remain vibrant and be in search of reliable and customized plastic processing solutions. However, key risks and challenges will be the uneven pace of domestic and global economic recovery, raw materials price volatility, fluctuating foreign currency rates and overseas shipment costs. In response to these risks and challenges, the business will devote resources for continuous research and development for customized solutions, cultivating talents and training development.

Plastic Products Processing and Manufacturing Business

The plastic food packaging processing plant in Zhuhai maintained moderate growth for 2021. Our efforts to ensure fine quality and timely delivery despite the ongoing pandemic earned increased orders from long-term major customers in the baby formula industry and health supplements industry. A number of key new projects were successfully obtained after months of design and engineering development. However, export business mainly serving customers in the confectionary industries achieved only slight growth, as overseas freight costs rose to record levels and scarce supply of shipping containers hindered growth on our export business.

Management team continued their focus on design and development of biodegradable plastics packaging solutions for our customers to cater for direction of future eco-friendly packaging that fit carbon reduction policies domestically and globally. Deployment of customized automation equipment were ongoing, and achieved the planned targets of direct labour reduction, quality improvements, and increased production efficiencies. Furthermore, our digital smart manufacturing systems were further enhanced, with wider applications in the pipeline, in order to strive for real-time production monitoring, quality control traceability, and data analytics for further improvements.

本集團對來年業務達致穩健增長抱謹慎樂觀態度，並期望業務主要市場，如汽車、重型運輸及電動汽車行業繼續興旺，我們會著手研發可靠且度身定制最切合塑料加工的解決方案。然而，業務面對著國內和全球各地經濟復甦步伐不平均，以及原材料價格、外幣匯率及海外運輸成本波動的種種重大風險和挑戰。為應對該等風險和挑戰，我們會不斷投放資源在定制化解決方案的研發上，以及培養人才和職業培訓。

注塑製品之加工及製造業務

在二零二一年，位於珠海之食品塑料包裝加工工廠保持穩定增長。儘管疫情持續，但我們依然努力不懈，確保產品品質優良且按時交貨，因此獲得嬰幼兒配方奶粉及保健品行業的長期主要客戶支持，增添訂單。經過數月努力設計和工程開發，成功取得若干新重點項目。但是，主要與糖果行業客戶往來的出口業務因海外貨運成本上升至前所未有的新高及集裝箱供應短缺拖累，導致僅錄得輕微增長。

管理團隊繼續專注為客戶設計和開發可降解塑料包裝解決方案，迎合未來環保包裝的方向，切合國內和全球減碳排放的方針。我們繼續著手引進更多定制自動化設備，藉以減少直接勞工，大大提升產品質量及生產效率，繼而達到我們預期的目標。此外，我們再提升應用數碼化智能生產系統，令應用範圍更廣，實現實時呈現生產監控和產品品質追蹤，以及透過數據分析作進一步優化。

During the year, the major headwinds for this business were the consistent rise of prices for plastic resins due to rise of crude oil prices, limited supplies, and rising costs of shipment. Although a portion of raw materials price increase was passed onto end customers, following pre-determined pricing adjustment mechanisms, but a portion had to be borne by our business. Additionally, profitability of this business was also adversely affected by increasing direct labour costs and higher frontline worker turnover.

As a result of our consistent and continuous dedication to food-grade workshop sanitary control, design and engineering, customized automated production lines, and business development milestones, the business was awarded the "High-Tech Enterprises in Guangdong Province (廣東省高新技術企業)" honour. This achievement will help future business development as well as potential income tax savings.

The Group will support further investments in design capabilities, research and development, capital expenditures, production automation, talent recruitment, and training development. The Group is cautiously optimistic to maintain steady growth after successfully bidding new project partnerships with key customers. Moreover, new customer development in the dairy industry and other sophisticated food packaging industry will continue.

The plastic components processing plant for household appliances in Hefei achieved growth amid challenging conditions. During the year, sales growth of household appliances in Mainland China became saturated while rising costs affected profits for key players in the industry. The business faced intense pressure to discount selling prices throughout the course of the year. In view of this, our management team responded proactively by mobilizing all departments to refine 5S practices, improved management techniques including the use of customized automation and digital systems to achieve unit cost savings and lower wastages. Special attention was paid to enhance staff training and effective management culture to strengthen employees' technical skillsets and competencies in combating challenges which may arise from the dynamic marketplace.

年內，業務遇到了強大的阻力，原油價格竄升迫使塑料樹脂價格持續上升、供應受限及運輸成本上漲。即使按既定的價格調整機制把原材料價格升幅部份轉嫁給最終客戶，但我們也要承擔其餘升幅。除此之外，盈利能力亦受直接勞工成本不斷上升及前線員工流動增高造成不利影響。

憑著我們一直秉持食品級車間的衛生標準控制和工程設計、特制全自動生產線及發展業務的里程碑，該業務獲授予「廣東省高新技術企業」，這有助壯大業務未來的發展及降低潛在的所得稅。

本集團將投入更多資源以提升設計產品的能力、進行產品研發、增加資本投資、提高生產自動化、招聘人才和加強職業培訓，並與主要客戶成為合作夥伴成功競投新項目，本集團謹慎樂觀地認為來年業務持續穩步增長，況且我們更會繼續著力開拓奶類製品和其他時尚食品包裝行業的新客戶。

位於合肥主力為家電加工塑料配套件的工廠在嚴峻的狀況下實現增長。年內，中國內地的家電銷售增長趨於飽和，成本上升削弱了行業領導者的利潤，促使業務全年面臨著售價折扣的巨大壓力。有見及此，我們的管理團隊推動各部門積極響應5S管理實踐，改進管理技巧，包括使用專用自動及智能系統，從而節省單位成本和減少廢品，並且我們會特別著力加強僱員培訓及提升有效的管理文化，增強僱員的技能和競爭力，以應付現在及將來的挑戰。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層論述及分析 (續)

Sales orders gradually ramped up in the latter part of 2021, as our main customer's appliance export business recovered. In addition to intense price negotiations with customers and confronting rising raw materials and labour costs, the management team not only focused on prudent financial control to ensure a healthy operating cash flow for business operations, but also successful bidding of key new projects so as to provide a foundation for steady growth for the upcoming year.

The business obtained the honour of "High-Tech Enterprises in Anhui Province (安徽省高新技術企業)" as our long-term dedication to refined production technologies were recognized by Anhui provincial bureaus. This achievement will help with future customer development and potential income tax savings.

Outlook for the upcoming year is forecasted to be challenging. The market for household appliances is not forecasted to grow at significant pace as consumer spending is steady at best, and new home sales are weak in recent quarters, which affects household appliance demand. Meanwhile, raw materials costs are likely to remain high. Competition within the plastic processing industry for home appliances will continue to be intense. We will nevertheless continue to focus on lean manufacturing practices to ensure quality standards and unit cost savings and minimize the negative impact on the business.

The blow moulded plastic mannequin production plant in Dongguan recorded satisfactory growth despite a challenging year. As the pandemic outbreaks caused lockdowns and disruptions to our European retail based customers, sales and deliveries were weaker than expected in earlier parts of the year. Fortunately our major customer, a global sporting goods retailer, implemented their aggressive new shop expansion in Europe and in the PRC, ramped up our sales throughout the year. Our prior development efforts in terms of designs, rapid prototyping, quality assurance and reliable production capabilities are clearly paying off in earning the trust of this customer. Management team is confident the business grow further with close partnership with this customer and to leverage our reputation in fine quality blow moulded mannequins to expand our customer portfolio.

在二零二一年下半年，隨著主要客戶的家電出口復甦，訂單量逐步回升。管理團隊除了與客戶進行激烈的價格談判及應對原材料和勞動成本上漲之外，還要著眼於審慎的財務管理，以確保業務營運有充足的現金流，更要著手於成功競投的重點新項目，為我們來年的業務發展打下堅實的基礎。

經過我們長期不懈的努力，在精益生產技術上得到安徽省政府部門認為「安徽省高新技術企業」，這能有助於未來開發客戶和降低潛在的所得稅。

我們預計來年業務前景仍然充滿挑戰，這主要因為消費者消費意欲充其量也只會平穩增長，以及受最近幾個季度新房地產銷售表現疲軟拖累，抑制家電的需求，與此同時，原材料成本不斷大幅度漲價後也許持續於高位徘徊，以及行業競爭持續激烈，故此預期家電市場不會大幅增長。儘管上述情況，我們會繼續推動精益生產模式，從而確保產品質量和降低單位成本，盡可能將對業務的負面影響減到最低。

至於位於東莞之生產吹塑人體模型展示品的工廠，在今年充滿挑戰的環境下，業務仍能錄得滿意增長。受到疫情爆發隨之而實施的封城措施令歐洲零售客戶的供應中斷，今年初的銷售和交貨量都比預期銳減。年內，幸好一個從事全球運動用品零售業的主要客戶在歐洲和中國擴張門店，進而令銷售上升，並且憑著多年來努力發展設計、快速原型製造、質量保證和可靠的生產能力等範疇，成功贏取該客戶的信任。管理團隊有信心透過與該客戶緊密合作能加速業務增長，並借助我們於行業內優質吹塑人體模型的良好聲譽，擴大我們的客戶群。

Our production and engineering team performed well to confront various challenges. Plastic resins prices reached new heights during the year which raised our materials costs. Severe shortage in shipping containers and unprecedented rise in overseas freight costs affected our deliveries and costs. Market conditions for retailers have long been challenging as online retail continues eat into offline channels' market shares. Retailers also are paying close attention to recyclability and environmental concerns for their display items. Traditional mannequin manufacturers, especially those who produce fibreglass mannequins, are facing extreme difficulties as the PRC government and governments elsewhere continue to clamp down on pollution caused by fibreglass production and spray painting. Unit labour costs for traditional mannequin manufacturers are reaching historically high levels. We believe despite the overall slowdown of new retail store expansion, our eco-friendly and high quality blow moulded products will continue to attract more global brands in the future.

In view of the above, we will deploy resources in product designs and engineering, quality assurance processes, production capacity expansion, and market development. The Group is cautiously optimistic this business can sustain their growth trajectory if our fashion and sporting goods retail customers are able to execute their expansion plans as forecasted.

Printed Circuit Boards ("PCB") Processing and Trading Business

The PCB processing business endured another difficult year in 2021. The price of copper soared to record highs and greatly affected our raw materials costs. Price of PCB base boards and other materials also consistently adjusted upwards to unprecedented levels. Our profits suffered even though sales volume increased. Our selling prices adjusted upwards in stages at varying times throughout the year, but could not dampen the large adverse impact of rising raw materials costs. Although orders from customers in automotive, consumer electronics, and gaming industries rebounded from low levels in the previous year, order inflows were uneven during the year.

我們的生產和工程團隊面對各種挑戰也表現出色。年內，塑料樹脂價格達至新高，帶動我們物料成本上升，加上船運集裝箱嚴重緊缺和前所未見的海外貨運成本上漲，迫使交貨延誤和成本急增。隨著網上零售不斷蠶食線下管道的市場份額，零售商的市場環境不但挑戰重重，而且他們更加要密切關注其展示品的可回收性和環保問題。由於中國和其他國家政府繼續遏制玻璃纖維製作以及噴漆過程造成的污染，令傳統人體模型的製造商，尤其是玻璃纖維人體模型製造商，正面臨著極大的困難，而且他們的單位勞動成本亦達到歷史高位，這讓我們相信，縱使整體零售店擴張放緩，但我們環保且優質吹塑產品在可見的將來可繼續吸引全球品牌。

鑒於上述，我們會投入資源在產品設計與工程、質量保證流程、產能擴展和市場開發中。如果我們的時尚運動用品零售客戶能夠按預期執行其擴張計劃，本集團謹慎樂觀地認為業務可以維持其增長軌跡。

印刷線路板(「印刷線路板」)之加工及貿易業務

本年度，印刷線路板加工業務又經歷了艱難的一年。隨著銅價升至歷史新高，連帶印刷線路板基板和其他物料的價格上漲至前所未有的水平，大大增加了原材料的成本，導致我們的利潤即使銷量增加的情況下依然下跌。於年內，儘管我們分階段上調售價，但仍無法抵消原材料成本上漲而帶來的重大不利影響。雖然來自汽車、消費電子和遊戲行業客戶的訂單從去年的低位反彈，但訂單量表現不及預期。

Global shortages of integrated circuits and semi-conductors affected downstream customers' production and deliveries. This scenario did not subside and will continue to affect industries relying on integrated circuits and semi-conductors as key components of their products. In addition to rising raw material costs, the business faced labour shortages and rising labour costs. It affected our optimal production processes and efficiencies, while it was significantly increasing subcontracting of various production processes, which raised our production costs further. To alleviate rising materials costs pressure, the business had to increase inventory levels and made earlier cash payments to suppliers to secure a stable supply of raw materials.

The outlook is not promising for the upcoming year, as raw materials costs will likely remain at high levels, while orders forecast from key customers remain cautious in the coming quarters. Our management team will focus on reengineering production processes and structures to suit our order patterns and target to decrease subcontracting needs. However, a quick turnaround may prove difficult. Nevertheless, cash flows remain healthy at the moment and our long-term prudent financial management focus will not be deviated.

The PCB trading business achieved slight growth in sales and profits. Previous years' business development efforts paid off in earning new projects from Japanese automotive and consumer electronics customers. Sourcing costs increased as manufacturers adjusted selling prices reflecting rising raw materials costs, however such increases did not materially impact our profits due to effective management. Trading of new products namely import PCB base boards, are progressing to plan, and new sales teams in various locations are delivering new business leads which will support future growth of the business. Additionally, we will continue to expand our service scope for PCB laboratory testing and quality control services.

全球集成電路及半導體供應緊絀，導致下游客戶生產和交付備受影響，情況仍在持續發酵，將繼續影響倚靠集成電路及半導體作為其產品關鍵零部件的行業。除了如上所述原材料成本上升外，此業務還要面臨勞工短缺和勞動成本增加，皆影響我們最佳的生產流程和效率，同時迫使我們大幅增加多項生產外包，繼而顯著增加了生產成本。為了緩解材料成本不斷上漲的壓力，此業務不得不提高庫存量，並提前以現金支付方式向供應商付款，以確保原材料供應穩定。

未來一年業務的前景並不樂觀，主要是由於原材料成本可能持續居高不下，預測主要客戶在接下來幾個季度下達訂單會更為審慎。為配合我們的訂單模式，管理團隊將著手於重組生產流程和結構，從而減少工序外包需求。然而，難以快速扭轉業務的不利局勢。儘管如此，業務目前的現金流維持穩健，並會秉承長期審慎的財務管理。

至於印刷線路板貿易業務，銷售和利潤均實現輕微增長。經過我們過去多年在業務發展上的努力，從日本汽車和消費電子產品客戶取得了新項目。由於原材料成本上升，製造商紛紛調整售價，因而令我們的採購成本增加，但是憑藉我們有效的管理，成本增加並沒有對利潤造成重大影響。另外，我們正在計劃進口印刷線路板基板的貿易新業務，各地的新銷售團隊亦瞄準這新商機蓄勢待發，將有助業務未來增長。除此之外，我們還會繼續加大印刷線路板測試和質量監控的服務範圍。

The Group is cautious on this business's outlook for the upcoming year as challenging conditions for the overall PCB industry persist. As PCB raw materials prices adjust downwards from peak levels, pressure to accordingly adjust selling prices may increase, thus potentially affecting our profit margins. New customer development investments and activities will ramp up in the upcoming year, however immediate significant success is unlikely to materialize as recoveries in the automotive and electronics industries are relatively weak. The business will continue to maintain optimal cost structures and focus on healthy operating cash flow.

Industrial Consumables Trading Business

The industrial consumables trading business achieved significant growth in sales and profits during 2021. As Mainland China maintained superb control of the pandemic, it created favourable conditions for its vibrant supply chain to stand out, compared to other countries and regions, thus the PRC manufacturers obtained robust sales orders for products domestically and globally, in particular during the first half of the year. Customer groups that contributed strong growth for this business include semi-conductors, consumer electronics, machineries, medical equipment, renewable clean energy, and lithium batteries. Customers from the automotive and household appliance industries rebounded from previous year's relatively low sales levels, and increased their purchases throughout the year. In addition, the elevator industry benefited from regional policies to install new elevation devices, and replace old ones, therefore our stronghold in Southern China for elevator component solutions continued to grow despite the wider scope slump in the housing market. Our motion and drive components and solutions achieved better than expected growth, while steel and fasteners products grew slightly ahead of plan as market conditions improved, as well as introducing new products and packaged solutions to customers.

由於整個印刷線路板行業的形勢持續嚴峻，本集團對本業務來年的前景持謹慎態度。隨著印刷線路板原材料價格從高峰水平下調，相應售價調整的壓力可能會增加，從而可能影響我們的利潤率。我們將於來年增加新客戶開發投資和活動，但由於汽車和電子行業的復甦相對較弱，因此未能立即取得重大成功。本業務將繼續保持最佳成本結構，並專注於穩健的經營現金流。

工業消耗品之貿易業務

於二零二一年，工業消耗品貿易業務的銷售及利潤實現顯著增長。疫情在中國內地得到有效控制，與其他國家及地區相比，營造了有利活躍供應鏈的條件，使中國製造商尤其在今年上半年接獲來自國內和全球各地眾多的訂單。除此之外，半導體、消費電子、機械、醫療設備、可再生清潔能源和鋰電池等客戶群也為業務帶來了強勁的增長，而汽車和家電行業客戶從去年相對低迷銷售下反彈，促使他們年內增加採購。此外，縱使房產市場出現較大幅度下滑的情況，但電梯行業受惠於國內加裝新電梯及更換舊電梯的地區性政策，讓我們在華南地區的電梯零部件解決方案能繼續增長。隨著市場狀況改善及我們相繼推出新產品與相關解決方案，驅動和運行組件解決方案實現了略高過預期的增長，鋼材和緊固件產品升幅也高過預期。

While this business benefited from a better-than-expected market outlook alongside a broad customer base across many industries, it faced severe challenges on the supply side. With most industrial commodities surging in price, almost all our product sourcing costs increased significantly. Meanwhile, producers especially those located overseas, could not ramp up their production to meet sudden increase in demands, caused severe shipment delays while facing surging shipment costs. By proactive response and working together with customers, the business managed to minimize adverse impact to profitability. Management teams performed well by not only being focused on sales and bottom line growth, but maintained lean inventory levels and improved its receivables turnover.

Our cautious outlook for the second half of the year anticipating a pullback in orders did not materialize, as customer groups displayed sustained order placements. However, certain key challenges lay ahead in the upcoming year. Strong growth of orders will likely not continue, as the overall manufacturing sectors in the PRC are slowing down after rampant growth evident in the past two years. The pandemic is far from over and under control globally, a prolonged spread can affect consumer demands and disrupt global supply chains. Geopolitical tensions, especially between the US and the PRC, display no signs of easing. The impact to global economic recoveries, supply chain disruptions, and global trade are highly unpredictable. However, the Group is optimistic in the longer term, the PRC began to implement a visionary and pragmatic “Fourteenth Five-Year Plan” and shift its policies and resources to support high quality manufacturing industries in the PRC. This provides ample opportunities to businesses adapting to upgrade its technical breakthrough abilities in materials, production process, and digital solutions. Regardless of market conditions for the upcoming year, we will invest in and develop our sales and technical teams, recruit talents, staff training, and enhance our internal digital systems.

儘管本業務受惠於市場前景好於預期及擁有眾多行業的廣泛客戶基礎，但也要面對供應商帶來的嚴峻考驗。隨著大多數工業大宗商品價格飆升，令我們幾乎所有產品的採購成本都顯著增加。與此同時，尤其是海外生產商面對需求激增時，但卻無法提高產量，貨運成本又急劇上升，導致交貨嚴重落後。我們通過與客戶緊密合作，採取積極的應對措施，設法把對利潤負面的影響減至最低。管理團隊不僅在銷售及盈利增長方面表現優秀，在維持精簡高效庫存水平及改善應收賬周轉率方面也同樣出色。

從客戶群持續訂購的情況可見，我們原先保守估計訂單會在下半年回落的情況尚未發生，但是來年也要面臨種種巨大的挑戰。中國整體製造業在過去兩年迅速增長，但及後回穩，訂單量未必會持續保持向好的增長趨勢。疫情在全球各地持續擴散，且尚未有結束受控的跡象，令消費需求下跌，擾亂了全球供應鏈，加上地緣政治局勢惡化，尤其是中美之間緊張的局勢並沒有緩和的跡象，抑制經濟復甦、供應鏈中斷和全球貿易活動受阻。然而，本集團對長遠發展感到樂觀，這歸因於中國實施富遠見和務實的第十四個五年規劃，並調整政策和資源配置推動中國製造業高質量發展，提供充分的機會讓企業提升其在材料、生產流程和數碼化解決方案的技術有更大的突破。無論來年的市場狀況如何，我們都會發展我們的銷售和技術團隊，投放資源於人才招聘及僱員培訓，並加強我們的內部數碼化系統。

Proposed Privatisation of the Company by Cosmos Holdings by Way of a Scheme of Arrangement under Section 673 of the Companies Ordinance

References were made to (i) the scheme document jointly issued by the Company and Cosmos Holdings (the "Offeror") dated 21 May 2021 (the "Scheme Document") in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under section 673 of the Companies Ordinance and the proposed withdrawal of listing of the Company; and (ii) the announcement jointly issued by the Company and the Offeror dated 18 June 2021 in relation to the results of the Court Meeting and General Meeting and lapse of the Proposal and the Scheme (the "Announcement"). Unless otherwise defined, capitalised terms used in this paragraph shall have the same meanings as those defined in the Scheme Document and the Announcement.

On 18 June 2021, the resolution to approve the Scheme was not approved by the Scheme Shareholders at the Court Meeting in accordance with the requirements of the Companies Ordinance and the Takeovers Code. On the same date, the Special Resolution was not passed by the Shareholders at the General Meeting.

As the Scheme was not approved in accordance with the requirements of the Companies Ordinance and the Takeovers Code at the Court Meeting by the Scheme Shareholders and the Special Resolution was not passed by the Shareholders at the General Meeting: (a) the Proposal and the Scheme were not implemented and have therefore lapsed; (b) the offer period has ended; and (c) the listing of the Shares on the Stock Exchange is maintained.

Subsequent Events

There is no material event after the end of the reporting period.

大同控股建議根據《公司條例》第673條以協議安排的方式私有化本公司

茲提述(i)日期為二零二一年五月二十一日由本公司及大同控股(「要約人」)就(其中包括)要約人建議根據《公司條例》第673條以協議安排的方式私有化本公司及建議撤銷本公司之上市地位而聯合發佈的協議安排文件(「協議安排文件」);及(ii)日期為二零二一年六月十八日由本公司及要約人就法院會議及股東大會之結果和建議事項及協議安排失效而聯合發佈的公告(「該公告」)。除另有說明外,本段所採用的詞彙與協議安排文件及該公告所界定者具有相同涵義。

於二零二一年六月十八日,在法院會議上,批准協議安排的決議案根據《公司條例》及收購守則之規定不獲協議安排股東批准。於同日,在股東大會上,特別決議案不獲股東通過。

由於根據《公司條例》及收購守則之規定協議安排於法院會議上不獲協議安排股東批准及特別決議案於股東大會上不獲股東通過:(a)建議事項及協議安排不會實行及因此而失效;(b)要約期間已結束;及(c)股份維持於聯交所的上市地位。

結算日後事項

於報告結算日後,並無發生任何重大事項。

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's total outstanding bank borrowings amounted to approximately HK\$301,167,000 (31 December 2020: approximately HK\$322,344,000) which comprised mainly bank loans and trade finance facilities. The bank borrowings repayable within one year and in the second to the fifth year amounted to approximately HK\$289,469,000 and HK\$11,698,000 respectively (31 December 2020: approximately HK\$284,469,000 and HK\$37,875,000 respectively).

After including lease liabilities of approximately HK\$51,469,000 (31 December 2020: approximately HK\$55,839,000) and deducting cash and bank balances of approximately HK\$406,057,000 (31 December 2020: approximately HK\$494,669,000), the Group's net cash amounted to approximately HK\$53,421,000 (31 December 2020: net cash was approximately HK\$116,486,000). Total equity attributable to equity Shareholders as at 31 December 2021 was approximately HK\$1,410,809,000 (31 December 2020: approximately HK\$1,268,626,000).

The gearing ratio of the Group is measured as total of bank indebtedness and lease liabilities less cash and bank balance, pledged deposit and short-term bank deposits with maturity over three months divided by net assets. The Group had a net cash position as at 31 December 2021. As a result, no gearing ratio was presented.

The Group's financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollars, Renminbi, United States dollar and Japanese Yen. As the Hong Kong dollar remained pegged to the United States dollar, there was no material exchange risk in this respect. The Group continues to monitor its foreign exchange exposure in Japanese Yen and Renminbi, and enter into forward contracts when necessary. The Group's long-term bank loans were denominated mainly in Hong Kong dollars and carried interest at floating rates. Credit risk was hedged mainly through credit insurance.

流動資金及財務資源

於二零二一年十二月三十一日，本集團之未償還銀行借款總額約為301,167,000港元(二零二零年十二月三十一日：約322,344,000港元)，主要包括銀行貸款及貿易融資信貸。將於一年內到期以及於第二至第五年到期償還之銀行借款金額分別約為289,469,000港元及11,698,000港元(二零二零年十二月三十一日：分別約為284,469,000港元及37,875,000港元)。

連同租賃負債約為51,469,000港元(二零二零年十二月三十一日：約55,839,000港元)並扣除現金及銀行結餘約為406,057,000港元(二零二零年十二月三十一日：約494,669,000港元)後，本集團之現金淨額約為53,421,000港元(二零二零年十二月三十一日：現金淨額約為116,486,000港元)。於二零二一年十二月三十一日之股權持有人應佔權益總額約為1,410,809,000港元(二零二零年十二月三十一日：約1,268,626,000港元)。

本集團的負債比率乃按銀行債務和租賃負債總額減現金及銀行結餘、抵押存款和到期日超過三個月之短期銀行存款除以淨資產。於二零二一年十二月三十一日，本集團持有淨現金結餘。因此，並無呈報負債比率。

本集團之財務報表以港元呈列。本集團主要以港元、人民幣、美元及日圓進行業務交易。由於港元與美元掛鈎，故此方面並無重大外匯風險。本集團繼續監察來自日圓及人民幣之外匯風險，並於需要時透過訂立遠期合約加以調控。本集團之長期銀行貸款融資均主要以港元計值及以浮動利率計息。信貸風險主要透過信用保險對沖。

MATERIAL ACQUISITION AND DISPOSAL

There were no material acquisitions and disposals by the Group during the year ended 31 December 2021.

CAPITAL STRUCTURE

There was no change in the total number of issued Shares for the year ended 31 December 2021. The total number of issued Shares remained at 861,930,692 Shares as at 31 December 2021.

EMPLOYEES, REMUNERATION POLICY AND TRAINING SCHEME

As at 31 December 2021, the Group had a total of 2,523 employees located in Hong Kong and Mainland China (31 December 2020: 2,779). The remuneration policy regarding the employees of the Group is based on qualifications, competence and performance of the employees as well as market trends. Employees' benefits include retirement benefits and medical insurance coverage.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

The Group had also provided training programmes or courses for Mainland China employees at all levels from different departments, and also for Directors and employees of the Group so as to further enhance their technical skills in production operation and management, professional skills and knowledge, respectively.

重大收購與出售

截至二零二一年十二月三十一日止年度，本集團沒有任何重大收購與出售。

資本結構

截至二零二一年十二月三十一日止年度，已發行股份總數保持不變。於二零二一年十二月三十一日，已發行股份總數仍為861,930,692股。

僱員、薪酬政策及培訓計劃

於二零二一年十二月三十一日，本集團於香港及中國內地共有2,523名僱員（二零二零年十二月三十一日：2,779名）。本集團僱員的薪酬政策乃按僱員的資歷、能力及表現，亦以市場趨勢而釐定。僱員福利包括退休福利及醫療保險。

董事之酬金由薪酬委員會按照個人表現、本集團之業績及盈利狀況，亦以業界薪酬指標及當時市場環境而釐訂。

本集團亦分別向中國內地各部門各級僱員，以及董事和本集團僱員提供培訓計劃或課程，從而進一步提升他們在生產營運和管理上的技能、專業技巧和知識。

OUTLOOK AND FORECAST

Looking ahead of the upcoming year, the Group does not anticipate a repeat of the broad-based strength in the manufacturing sectors in the PRC as experienced in the first half of 2021. A more likely scenario is the continuation of pullback in demand which was evident in the second half of the year. Headwinds and challenges such as, high raw materials costs, shipment disruptions and sustained high shipping costs, and high labour costs are likely to persist, that will inevitably shape a highly uncertain business outlook and uneven growth across various manufacturing industries.

On the macro level, geopolitical tensions between the US and PRC shows no signs of abating. Adverse effects on global trade and supply chains are on-going and highly unpredictable. Tightening monetary policies in the US and other Western countries has come into effect with primary objective to combat inflation. Without discussing effectiveness of such policies, it is safe to assume tightening and pullback of cash injections will dent consumer confidence and demand. The global pandemic still affects everyday lives of everyone, even though most Western countries are experimenting “co-existing with virus” policies to reopen their economies. The strength and source of recovery is uncertain.

Domestically the PRC’s positioning is favourable in the long term. The PRC government is implementing visionary and pragmatic policies to drive long-term growth of high quality manufacturing sectors, as laid out in the “Fourteenth Five-Year Plan”, to achieve sustainable growth in the areas of new materials, manufacturing of critical components, research and development of products and production processes, artificial intelligence, and digitalization of the whole value chain.

展望及前景

展望來年，本集團預期中國製造業不會重現二零二一年上半年的強勁勢頭，更有可能出現下半年需求明顯回落的情況延續。原材料成本高企、運輸受阻和貨運成本居高不下，以及勞動成本高昂等種種不利的因素和挑戰可能持續存在，將不可避免地形成一個高度不確定的業務前景，以及發生各個製造業增長參差的情況。

在宏觀層面上，中美之間的地緣政治緊張局勢沒有緩和的跡象，對全球貿易和供應鏈不利的影響依然持續且高度不可預測。美國和其他西方國家為對抗通貨膨脹，紛紛大舉推行緊縮貨幣政策，無論這些政策會否見效，可以肯定的是，收緊和撤回已注入資金定必削弱消費者的信心和需求。即使大多數西方國家正在實施「與病毒共存」政策，嘗試重啟開放經濟，但是疫情仍在全球肆虐影響著每個人的日常生活，經濟復甦走勢及力度是未知之數。

從長遠的角度來說，中國的定位是有利的。中國政府按第十四個五年規劃實施具遠見且務實的政策，推動製造業高質量的長遠發展，從而實現在新材料、關鍵零部件製造、產品研發和生產流程、人工智能和數碼化整個價值鏈等領域的可持續發展。

The Group will continue to commit to development of key industry markets such as renewable energy, electric vehicles, medical equipment, packaging, automotive, consumer electronics, and lithium batteries. We foresee the long-term growth potential in these strategic sectors. In addition, we will shift resources and focus for export businesses as we anticipate gradual economic recoveries in our export markets, previously dampened by the pandemic. Growth potential in different regions will vary, as it depends on our overseas partners and resources. Especially, we see potential in neighbouring “Belt and Road Initiative” countries.

Regardless of an anticipated pullback in growth for the upcoming year amid the previously stated challenges and uncertainties, the Group will commit to invest in research and development of technical innovations, especially our machinery manufacturing business. In addition, we will implement plans to gradually upgrade our production capacities and technologies, recruit talents, enhance training development and increase investment in sales and marketing, in order to capture future growth opportunities. Moreover, prudent financial management practices will continue as usual, with focus on maintaining a healthy cash flow for all our businesses.

本集團將繼續致力於可再生能源、電動汽車、醫療設備、包裝、汽車、消費電子和鋰電池等重點行業市場發展，我們預計這些戰略行業具長期增長潛力。此外，預期之前受疫情影響的出口市場將會逐步復甦，因此將會把資源重點轉移到出口業務，不同地區的增長潛力取決於我們的海外合作夥伴和資源部署而有所不同，特別是我們看到了「一帶一路」周邊國家的潛力。

儘管在上述種種挑戰和不確定性下，預計來年業務增長會回落，本集團將堅持投入更多資源以增加技術創新的研發，特別是我們的機械製造業務。此外，我們會落實計劃，逐步提升產能和技術、招聘人才、加強培訓發展、增加營銷投資，務求捕捉未來增長的機遇。除此之外，我們將繼續一貫審慎的財務管理模式，以及保持所有業務健康的現金流。