

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### FINANCIAL REVIEW

#### Revenue

The revenue of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$643,446,000 and approximately HK\$543,968,000 respectively, representing an increase of approximately 18.3% during the year under review.

The increase in revenue was mainly driven by the revenue contribution in all regions for the year ended 30 September 2021.

#### Gross profit

The gross profit of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$196,675,000 and approximately HK\$190,653,000 respectively, and remained relatively stable during the year under review.

#### Changes in fair value of investment properties

The changes in fair value of investment properties of the Group for the year ended 30 September 2021 were mainly attributable to the investment properties located in Macao Special Administrative Region (“**Macao**”) of the People’s Republic of China (the “**PRC**”) which were reclassified to assets classified as held for sale as at 30 September 2021 and were disposed of as disclosed in the Company’s announcements (the “**Announcements**”) dated 25 August 2021, 15 September 2021, 29 September 2021 and 8 October 2021 and the Company’s circular (the “**Circular**”) dated 29 September 2021. As disclosed in the Company’s announcement (the “**Completion Announcement**”) dated 28 December 2021, the disposal of the properties (the “**Properties**”), comprising a total of 14 commercial units located in Macau as disclosed in the announcement of the Company dated 25 August 2021, was completed on 28 December 2021.

#### Selling and distribution costs

The selling and distribution costs of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$44,663,000 and approximately HK\$47,193,000 respectively, and remained fairly stable during the year under review.

#### Administrative expenses

The administrative expenses of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$89,161,000 and approximately HK\$78,186,000 respectively, representing an increase of approximately 14.0% during the year under review.

The increase in administrative expenses was mainly attributable to the increase in employee benefits expense for the year ended 30 September 2021.

### 財務回顧

#### 收益

截至二零二一年及二零二零年九月三十日止年度，本集團的收益分別約643,446,000港元及約543,968,000港元，於回顧年度內增加約18.3%。

收益增加主要是截至二零二一年九月三十日止年度所有地區的收益貢獻推動所致。

#### 毛利

截至二零二一年及二零二零年九月三十日止年度，本集團的毛利分別約196,675,000港元及約190,653,000港元，並於回顧年度內保持相對穩定。

#### 投資物業公平值變動

誠如本公司日期為二零二一年八月二十五日、二零二一年九月十五日、二零二一年九月二十九日及二零二一年十月八日的公佈（「**該等公佈**」）及本公司日期為二零二一年九月二十九日的通函（「**該通函**」）所披露，截至二零二一年九月三十日止年度，本集團投資物業公平值變動乃主要歸因於出售位於中華人民共和國（「**中國**」）澳門特別行政區（「**澳門**」）的投資物業（於二零二一年九月三十日已重新分類至分類為持作出售之資產）所致。誠如本公司日期為二零二一年十二月二十八日的公佈（「**完成公佈**」）所披露，出售物業（「**物業**」），包括位於澳門合共十四個商業單位（已於本公司日期為二零二一年八月二十五日的公佈中披露），已於二零二一年十二月二十八日完成。

#### 銷售及分銷成本

截至二零二一年及二零二零年九月三十日止年度，本集團的銷售及分銷成本分別約44,663,000港元及約47,193,000港元，並於回顧年度內保持相當穩定。

#### 行政費用

截至二零二一年及二零二零年九月三十日止年度，本集團的行政費用分別約89,161,000港元及約78,186,000港元，於回顧年度內增加約14.0%。

行政費用增加乃主要由於截至二零二一年九月三十日止年度的僱員福利開支增加所致。

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#### Profit for the year

As a result of the abovementioned, the profit of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$41,463,000 and approximately HK\$56,018,000, respectively, representing a decrease of approximately 26.0% during the year under review.

## BUSINESS REVIEW AND PROSPECTS

#### Business

For the year ended 30 September 2021, the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

As at 30 September 2021, the Group had 3 manufacturing plants in the PRC, Socialist Republic of Vietnam (“**Vietnam**”) and the Republic of Indonesia (“**Indonesia**”). If necessary, the Group will consider to further expand its existing manufacturing facilities and set up new manufacturing plant to satisfy its prestige customers’ needs.

#### Cost control

The Group will continue to carefully review and extensively investigate into the current situation in relation to costs and resources deployment. In response to the uncertainties of the persistent epidemic effect, the Group will consider to tighten its control over the operating costs in the short term proactively and effectively.

#### Research and development

The Group is always environmental-oriented and continuously dedicated to developing high quality products to satisfy the market needs; and closely observes the future development direction of the market to research and develop products continuously in order to satisfy the needs for future development in the industry. In addition to its own research and development team, the Group also cooperated with some international well-known chemical corporations (including Germany and Japan) to develop new products and entered into technology cooperation agreements with several sophisticated technology experts in the industry (including those from countries and regions such as Japan, Taiwan and Hong Kong Special Administrative Region (“**Hong Kong**”) of the PRC). Hopefully, through the above measures, it will enhance the research and development capabilities of the Group so as to maintain the leading position of its technologies in the industry.

#### 年內溢利

基於上文所述，截至二零二一年及二零二零年九月三十日止年度本集團之溢利分別約41,463,000港元及約56,018,000港元，於回顧年度內減少約26.0%。

#### 業務回顧及展望

##### 業務

截至二零二一年九月三十日止年度，本集團主要從事製造及銷售製鞋廠所使用的膠黏劑、處理劑、硬化劑及硫化鞋膠黏劑相關產品。

於二零二一年九月三十日，本集團於中國、越南社會主義共和國（「**越南**」）及印度尼西亞共和國（「**印尼**」）擁有三間製造廠房。如有必要，本集團將會考慮進一步擴大其現有製造設施及建設新製造廠房以滿足其尊貴客戶之需求。

#### 成本控制

本集團將會持續仔細檢查及深入探討現時成本及資源運用的情況。面對疫情持續影響之不確定性，本集團將會考慮在短期內積極有效地加強對其營運成本之控制。

#### 研究及開發

本集團一直以環保為導向，不斷致力於開發可滿足市場需要的高品質產品，並將密切留意市場於未來的發展方向，持續研究與開發符合行業未來發展需求的產品。本集團除擁有自己的研發團隊外，亦與若干國際知名的化工企業（含德國及日本）合作開發新產品，並與數位行業內的資深技術專家（包括來自日本、台灣及中國香港特別行政區（「**香港**」）等國家與地區的專家）簽訂技術合作協議。預期透過上述措施，將加強本集團在研發方面的實力，以維持在行業內其技術領先的地位。

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#### Prospects

Short to medium term outlook: In view of the persistent epidemic effect across the globe, it is difficult to predict how long it will last. The market currently adopts a wait and see approach to the epidemic effect. As such, it is more difficult for the Board to predict the sales performance of the Group in 2022.

Medium to long term outlook: Due to the global demand for footwear still growing continually, more stringent requirement from the manufacturers for the quality of adhesives which would gradually eliminate industry players with less competitiveness and the demand for the use of environmental water-based adhesive products by footwear brands and manufacturers still growing, the effect of the previous regional deployments of the Group has become prominent in response to the market changes. The Group has been maintaining partner relationship with its prestige customers for a number of years. As such, the Board expects that the growth of the Group's sales in the medium to long term will remain stable. The Group will continue to devote necessary resources to further increase its market share if appropriate.

Leveraging on the Group's solid experience accumulated over the years, its high quality products recognised by the market and its competence in research and development capabilities, the Group will continue to commit to its core business. The Group will also consider to invest and develop its OEM business in a proactive manner in order to broaden its revenue base.

Looking ahead, the Board remains prudent and optimistic about the prospects of the Group's core business in the long term. The Group will follow a very cautious approach to ensure corporate sustainability in 2022. In 2022, the Group will monitor its working capital management closely. The Group will also closely and carefully monitor the latest development of the footwear manufacturing industry and its core business; and the latest development of the epidemic effect and adjust its business strategies from time to time if required.

#### DEBTS AND CHARGE ON ASSETS

As at 30 September 2021, the Group had interest-bearing bank borrowings of approximately HK\$37,798,000 (30 September 2020: approximately HK\$33,880,000). As at 30 September 2021, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK\$17,328,000 (30 September 2020: approximately HK\$6,725,000); and (ii) corporate guarantee executed by the Company.

#### 展望

中短期展望：鑒於全球受疫情持續影響，難以預計疫情將會持續多久。目前市場對疫情影響採取觀望態度，因此，董事會較難預期本集團於二零二二年的銷售表現。

中長期展望：由於全球鞋履需求仍持續增長，製造商對膠黏劑的品質要求更為嚴格，使缺乏競爭力的營運商會逐漸被淘汰，鞋履品牌與製造商對使用環保水性膠黏劑產品之需求仍在增加，面對市場的變化，本集團之前所作的區域佈局已漸見成效。本集團亦一直與其尊貴客戶維繫多年的夥伴關係。因此，董事會預期本集團銷售額於中長期仍會平穩增長。如適當，本集團將會繼續投入必要的資源以進一步提升其市場佔有率。

憑藉本集團多年累積的穩固基礎、市場對其高品質產品的認同及其研發能力，本集團將會繼續致力於其核心業務。本集團亦會考慮以積極方式投資及發展其OEM（委託加工）業務以擴闊其收益基礎。

展望未來，長遠而言，董事會對本集團核心業務的前景持審慎樂觀的態度。本集團將在二零二二年採取非常謹慎的態度以確保企業可持續發展。在二零二二年，本集團將會密切監控其營運資金管理。本集團亦將密切謹慎地監察鞋履製造行業及其核心業務的最新發展，以及疫情影響的最新發展，並按照需要不時調整其業務策略。

#### 債務及資產押記

於二零二一年九月三十日，本集團持有計息銀行借款約37,798,000港元（二零二零年九月三十日：約33,880,000港元）。於二零二一年九月三十日，本集團的銀行融資乃由(i)本集團受限制銀行存款約17,328,000港元（二零二零年九月三十日：約6,725,000港元）；及(ii)本公司簽立的公司擔保作抵押。

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As at 30 September 2020, the Group's banking facilities were also secured by (i) certain of the Group's property, plant and equipment with carrying amount of approximately HK\$3,466,000; and (ii) certain of the Group's investment properties with carrying amount of approximately HK\$64,400,000.

In addition, one of the lease agreements was guaranteed by the Company as at 30 September 2021.

The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through net cash generated from its operating activities.

As at 30 September 2021, the Group had restricted bank deposits of approximately HK\$17,328,000 (30 September 2020: approximately HK\$6,725,000). As at 30 September 2021, the Group had interest-bearing bank borrowings of approximately HK\$37,798,000 (30 September 2020: approximately HK\$33,880,000) and lease liabilities of approximately HK\$3,354,000 (30 September 2020: approximately HK\$4,868,000). Therefore, as at 30 September 2021, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 9.6% (30 September 2020: approximately 9.2%). As at 30 September 2021, the current ratio of the Group was approximately 3.1 (30 September 2020: approximately 2.6).

### FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risks as (i) most of the Group's business transactions are denominated in United States dollars; and (ii) the Group's assets and liabilities are principally derived from our overseas operations and mainly denominated in United States dollars, Renminbi and Vietnam Dong. The Group expects that Hong Kong dollars will continue to be pegged to United States dollars. As such, the Group expects that Hong Kong dollars will not have material fluctuation against foreign currencies which might materially affect the Group's operations. For the year ended 30 September 2021, the Group did not employ any financial instruments for hedging purpose. The Group monitors its foreign currency exposure closely and will consider adopting hedging policy should the need arise.

於二零二零年九月三十日，本集團的銀行融資亦由(i)本集團若干賬面值約3,466,000港元的物業、機器及設備；及(ii)本集團若干賬面值約64,400,000港元的投資物業作抵押。

此外，於二零二一年九月三十日，其中一份租賃協議由本公司提供擔保。

本集團目前並無任何利率對沖政策，而本集團會密切留意及持續謹慎地監察利率風險。

### 流動資金、財務資源及資本架構

本集團通常主要透過其經營活動所得現金淨額撥付流動資金及資本需求。

於二零二一年九月三十日，本集團持有受限制銀行存款約17,328,000港元（二零二零年九月三十日：約6,725,000港元）。於二零二一年九月三十日，本集團持有計息銀行借款約37,798,000港元（二零二零年九月三十日：約33,880,000港元）及租賃負債約3,354,000港元（二零二零年九月三十日：約4,868,000港元）。因此，於二零二一年九月三十日，本集團的資產負債比率（定義為銀行借款及租賃負債總和除以權益總額）為約9.6%（二零二零年九月三十日：約9.2%）。於二零二一年九月三十日，本集團的流動比率為約3.1（二零二零年九月三十日：約2.6）。

### 外匯風險

由於(i)本集團的大部分業務交易以美元計值；及(ii)本集團的資產及負債主要來自海外業務，且主要以美元、人民幣及越南盾計值，故本集團在一定程度上承受外匯風險。本集團預期港元將繼續與美元掛鈎，故本集團預期港元兌外幣將不會有重大波動而可能導致對本集團之經營有重大影響。截至二零二一年九月三十日止年度，本集團並無使用任何金融工具作對沖之用。本集團密切監察其外匯風險，並將於有需要時考慮採納對沖政策。

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#### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed elsewhere in this annual report, for the year ended 30 September 2021, the Group did not have any significant investments, material acquisitions or disposals.

Save as disclosed elsewhere in this annual report, there was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 30 September 2021 and up to the date of this annual report.

#### CAPITAL COMMITMENTS

As at 30 September 2021, the Group had capital commitments of approximately HK\$1,816,000 (30 September 2020: approximately HK\$889,000) in respect of acquisitions of property, plant and equipment.

#### CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (30 September 2020: Nil).

#### EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Announcements and the Circular, on 25 August 2021, an indirect wholly-owned subsidiary of the Company (the “Vendor”), entered into a legally binding provisional agreement (the “Provisional Agreement”) with the purchasers (the “Purchasers”), who are independent third parties of the Company and its connected persons, pursuant to which the Vendor agreed to sell the Properties to the respective Purchasers at an aggregate consideration of HK\$93,000,000, and agreed to leaseback certain units of the Properties for the Group’s use purpose.

As disclosed in the Completion Announcement, the disposal of the Properties was completed on 28 December 2021 in accordance with the terms of the Provisional Agreement; and the Vendor commenced to leaseback certain units of the Properties for the Group’s use as the Group’s head office and principal place of business in Macau as disclosed in the Announcements and the Circular.

Save as disclosed elsewhere in this annual report, there have been no other material events occurring after the reporting period and up to the date of this annual report.

#### 重大投資、重大收購或出售事項

除本年報內其他地方所披露外，截至二零二一年九月三十日止年度，本集團並無任何重大投資、重大收購或出售事項。

除本年報內其他地方所披露外，於二零二一年九月三十日及截至本年報日期，董事會並無授權任何重大投資、重大收購或出售事項之正式計劃。

#### 資本承擔

於二零二一年九月三十日，本集團就收購物業、機器及設備擁有資本承擔約1,816,000港元（二零二零年九月三十日：約889,000港元）。

#### 或然負債

於二零二一年九月三十日，本集團並無任何重大或然負債（二零二零年九月三十日：無）。

#### 報告期後事項

誠如該等公佈及該通函所披露，於二零二一年八月二十五日，一間本公司之間接全資附屬公司（「賣方」）與買方（「買方」，為獨立於本公司及其關連人士之第三方），訂立具法律約束力之臨時協議（「臨時協議」），據此，賣方同意向各買方出售物業，總代價為93,000,000港元，且同意租回若干物業單位以供本集團使用。

誠如完成公佈所披露，物業出售已於二零二一年十二月二十八日根據臨時協議之條款完成，且賣方已按該等公佈及該通函所披露租回若干物業單位作為本集團在澳門的總辦事處及主要營業地點以供本集團使用。

除本年報內其他地方所披露外，於報告期後及截至本年報日期，概無發生其他重大事項。



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#### EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2021, the Group employed a total of 356 (30 September 2020: 333) employees. It is the policy of the Group to provide a regular review on its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and training sponsorship) to ensure that the remuneration policy is competitive within the relevant industry. For the year ended 30 September 2021, the employee benefits expense (including Directors' emoluments) amounted to approximately HK\$85,433,000 (year ended 30 September 2020: approximately HK\$74,718,000).

The remuneration policy for the Directors is based on their experience, level of responsibilities, lengths of services and general market conditions. Any discretionary bonus and other merit payments are linked to the financial results of the Group and the individual performance of the Directors.

#### INVESTMENTS OF THE GROUP

##### Warrant Parking Management Limited

The Group has held 40% equity interest in Warrant Parking Management Limited ("Warrant Parking") since 2017. The principal activity of Warrant Parking is mainly engaged in the provision of management service to the government car parks in Macau.

##### Hunan Changsha cooperation

On 12 October 2015, the Group entered into a non-legally binding memorandum of understanding with 株洲變流技術國家工程研究中心有限公司 (transliterated as Zhuzhou National Engineering Research Centre of Converters Co., Ltd.)\* ("ZNERCC") and entered into a non-legally binding cooperation agreement with ZNERCC and 湖南城石智能科技有限公司 (transliterated as Hunan Changsha Intelligent Technology Co. Ltd.)\* in respect of the possible cooperation in photovoltaics system project(s). Details thereof were disclosed in the Company's announcement dated 12 October 2015.

The Group will closely monitor and review the status of the possible cooperation and will consider if any further or binding cooperation shall be pursued. The Company will make further announcement(s) in relation thereto if and when appropriate.

Save as disclosed elsewhere in this annual report, the Group had no other investments as at 30 September 2021.

\* The English translation of Chinese names or words in this annual report, where indicated, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or words.

#### 僱員及薪酬政策

於二零二一年九月三十日，本集團僱用合共356名（二零二零年九月三十日：333名）僱員。本集團的政策為定期檢討其僱員的薪酬水平、績效獎金制度及其他額外福利（包括社會保險及培訓贊助），以確保薪酬政策於相關行業內具有競爭力。截至二零二一年九月三十日止年度，僱員福利開支（包括董事酬金）約85,433,000港元（截至二零二零年九月三十日止年度：約74,718,000港元）。

董事的薪酬政策乃根據彼等的經驗、責任級別、服務年期及一般市場狀況而釐定。任何酌情花紅及其他獎勵金均與本集團的財務業績及董事的個人表現掛鉤。

#### 本集團的投資

##### 華聯達泊車管理有限公司

自二零一七年以來，本集團持有華聯達泊車管理有限公司（「華聯達」）40%股權。華聯達的主要業務為向澳門政府停車場提供管理服務。

##### 湖南長沙合作

於二零一五年十月十二日，本集團就光伏發電項目的潛在合作與株洲變流技術國家工程研究中心有限公司\*（「株洲變流中心」）訂立無法律約束力的諒解備忘錄以及與株洲變流中心及湖南城石智能科技有限公司\*訂立無法律約束力的合作協議。合作詳情已於本公司日期為二零一五年十月十二日的公佈中披露。

本集團將密切監察及審閱該潛在合作的情況，並將考慮是否應進行任何進一步或有約束力的合作。本公司將於適當時候就此作出進一步公佈。

除本年報內其他地方所披露外，本集團於二零二一年九月三十日並無其他投資。

\* 本年報中的中文名稱或詞彙的英文翻譯僅供參考，不應被視為該中文名稱或詞彙的官方英文翻譯。