RAYMOND Industrial Ltd
利民實業有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 229)

Announcements and Notices
2007 Interim results and appointment of alternate director

Summary of unaudited financial results
For the six months ended 30th June 2007

The Board of Directors (the "Board") of Raymond Industrial Limited (the "Company") is pleased to present the interim report for the six months ended 30th June 2007 of the Company and its subsidiaries (collectively the "Group"). The consolidated income statement of the Group for the six months ended 30th June 2007 and the consolidated balance sheet of the Group as at 30th June 2007, along with selected explanatory notes, are unaudited and condensed and have been reviewed by the Company's Audit Committee together with the Company's independent auditors, Baker Tilly Hong Kong Limited .

CONDENSED CONSOLIDATED INCOME STATMENT

		(Unaudited) Six months ended 30th June	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Continuing operations:			
Revenues	2	**382,872**	456,742
Cost of sales		**(360,732)**	(394,874)
Gross profit		**22,140**	61,868
Other revenue, net	3	**12,691**	9,860
Selling expenses		**(6,242)**	(13,829)
General and administrative expenses		**(28,333)**	(32,039)
Operating profit	4	**256**	25,860
Share of loss of associates		**(5,215)**	(911)
(Loss)/profit before income tax		**(4,959)**	24,949
Income tax	5	**(811)**	(1,989)
(Loss)/profit from continuing operations		**(5,770)**	22,960
Discontinued operations:			
Profit from discontinued operations	10	**-**	2,909
(Loss)/profit attributable to equity holders		**(5,770)**	25,869
Dividends	6	**82,712**	240,257
		HK cents	HK cents
(Loss)/ earnings per share			
- Basic	7	**(1.5)**	6.8
- Diluted	7	**(1.5)**	6.8

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30th June 2007 *HK$'000*	(Audited) 31st December 2006 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**183,546**	188,888
Leasehold land and land use rights		**14,123**	14,019
Interests in associates		**50,348**	52,868
Deferred tax assets		**43**	43
		248,060	255,818
Current assets			
Inventories		**121,954**	102,320
Trade receivables	8	**96,820**	130,447
Deposits, prepayments and other receivables		**14,073**	13,575
Amount due from an associate		**9,033**	9,033
Cash and bank balances		**306,561**	383,107
		548,441	638,482
Total assets		**796,501**	894,300
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**196,932**	196,932
Reserves		**446,321**	525,188
Total equity		**643,253**	722,120
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**8,760**	8,753
Current liabilities			
Creditors and accrued charges	9	**137,525**	153,349
Taxation payable		**5,318**	8,975
Dividends payable		**1,645**	1,103
		144,488	163,427
Total liabilities		**153,248**	172,180
Total equity and liabilities		**796,501**	894,300
Net current assets		**403,953**	475,055
Total assets less current liabilities		**652,013**	730,873

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities of the Stock Exchange.

This unaudited condensed consolidated financial information has been prepared under the historical cost convention, and should be read in conjunction with the annual financial statements for the year ended 31st December 2006. The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st December 2006.

During the period, the Group adopted the following new Hong Kong Financial Reporting Standards (the "HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretation ("HK (IFRIC)-Ints") (collectively the "new HKFRSs") issued by the HKICPA, which are effective for accounting periods commencing on or after 1st January 2007:

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the restatement approach under HKAS 29 — Financial reporting in hyperinflationary economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of embedded derivatives
HK(IFRIC) - Int 10	Interim financial reporting and impairment

The adoption of these new HKFRSs did not result in substantial changes to the accounting policies and the methods of computation used in the condensed consolidated financial information. As there is no material effect on the results for the current or prior accounting periods, no prior period adjustment is required.

As at the date of this report, the following standards and interpretations were in issue but not yet effective:

HKAS 23 (Revised)	*Note a*	Borrowing costs
HKFRS 8	*Note a*	Operating Segments
HK(IFRIC) - Int 11	*Note b*	Group and treasury share transactions under HKFRS 2
HK(IFRIC) - Int 12	*Note c*	Service concession arrangements

Note a: effective for annual periods beginning on or after 1st January 2009
Note b: effective for annual periods beginning on or after 1st March 2007
Note c: effective for annual periods beginning on or after 1st January 2008

The Group has commenced considering the potential impact of the above new HKFRSs but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

The condensed consolidated financial information is presented in Hong Kong dollars ("HK$") unless otherwise stated

2. SEGMENT INFORMATION

(a) Primary reporting format - geographical segments

The Group's sales are mainly derived from North America, Canada, the PRC, Japan, Europe and Australia. All purchases, production and shipment of goods are conducted in the PRC with its head office located in Hong Kong (included in "Others" below).

The segment results for the six months ended 30th June 2007 are as follows:

	Continuing operations									Discontinued operations
	The U.S. (Unaudited) HK$'000	Canada (Unaudited) HK$'000	The PRC (Unaudited) HK$'000	Japan (Unaudited) HK$'000	Europe (Unaudited) HK$'000	Australia (Unaudited) HK$'000	Others (Unaudited) HK$'000	Unallocated (Unaudited) HK$'000	Consolidated (Unaudited) HK$'000	Hong Kong (Unaudited) HK$'000
Revenues	90,165	4,096	13,324	171,732	76,360	5,469	21,726	-	382,872	-
Operating (loss)/profit	(2,928)	(133)	(433)	(5,577)	(2,481)	(178)	(705)	12,691	256	-
Share of loss of associate	-	-	(5,215)	-	-	-	-	-	(5,215)	-
Loss before income tax									(4,959)	-
Income tax									(811)	-
Loss for the period									(5,770)	-
Capital expenditure	-	-	1,029	-	-	-	380	-	1,409	-
Depreciation/ amortization	-	-	11,448	-	-	-	597	-	12,045	-

The segment results for the six months ended 30th June 2006 are as follows:

	Continuing operations									Discontinued operations
	The U.S. (Unaudited) HK$'000	Canada (Unaudited) HK$'000	The PRC (Unaudited) HK$'000	Japan (Unaudited) HK$'000	Europe (Unaudited) HK$'000	Australia (Unaudited) HK$'000	Others (Unaudited) HK$'000	Unallocated (Unaudited) HK$'000	Consolidated (Unaudited) HK$'000	Hong Kong (Unaudited) HK$'000
Revenues	177,707	5,448	3,683	146,956	95,749	13,066	14,133	-	456,742	1,071
Operating profit	6,224	191	129	5,148	3,355	458	495	9,860	25,860	3,081
Share of loss of associate	-	-	(911)	-	-	-	-	-	(911)	-
Profit before income tax									24,949	3,081
Income tax									(1,989)	(172)
Profit for the period									22,960	2,909
Capital expenditure	-	-	6,355	-	-	-	416	-	6,771	-
Depreciation/ Amortization	-	-	10,344	-	-	-	594	-	10,938	-
Write-off of property, plant and equipment	-	-	13	-	-	-	1,636	-	1,649	-

(b) Secondary reporting format – business segments

The Group is principally engaged in the manufacturing and sale of electrical home appliances. It was also engaged in property leasing in prior period.

The segment results for the six months ended 30th June 2007 are as follows:

	Continuing operations			**Discontinued operations**
	Electrical home appliances (Unaudited) HK$'000	**Unallocated (Unaudited) HK$'000**	**Consolidated (Unaudited) HK$'000**	**Property leasing (Unaudited) HK$'000**
Revenues	**382,872**	**-**	**382,872**	**-**
Operating (loss)/profit	**(12,435)**	**12,691**	**256**	**-**
Capital expenditure	**1,409**	**-**	**1,409**	**-**

The segment results for the six months ended 30th June 2006 are as follows:

	Continuing operations			Discontinued operations
	Electrical home appliances (Unaudited) HK$'000	Unallocated (Unaudited) HK$'000	Consolidated (Unaudited) HK$'000	Property leasing (Unaudited) HK$'000
Revenues	456,742	-	456,742	1,071
Operating profit	16,000	9,860	25,860	3,081
Capital expenditure	6,771	-	6,771	-

3. OTHER REVENUE, NET

	Six months ended 30th June	
	2007 (Unaudited) HK$'000	2006 (Unaudited) HK$'000
Interest income	**10,086**	9,654
Gain/(loss) on exchange difference	**1,435**	(701)
Loss on disposal of property, plant and equipment	**(65)**	(46)
Sample income	**119**	98
Sundry income	**1,116**	855
	12,691	9,860

4. OPERATING PROFIT

Operating profit was arrived at after charging depreciation of property, plant and equipment and amortization of leasehold land and land use rights of approximately HK$11,820,000(2006: HK$10,723,000) and HK$225,000 (2006: HK$215,000) respectively.

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit arising in or derived from Hong Kong for the period (2006:17.5%). Income tax on overseas and the PRC profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current income tax:		
- Hong Kong profits tax	**791**	1,874
- Overseas and PRC income tax	**20**	115
	811	1,989

6 DIVIDENDS

	Six months ended 30th June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Final dividend paid, of 11 HK cents (2006: 11 HK cents) per ordinary share	**43,325**	43,325
Special dividend paid, of 10 HK cents (2006: 50 HK cents) per ordinary share	**39,387**	196,932
	82,712	240,257

At a meeting held on 19th April 2007, the directors proposed a final dividend of 11 HK cents per ordinary share and special dividend of 10 HK cents per ordinary share for the year ended 31st December 2006, which was paid on 14th June 2007 and has been reflected as an appropriation of retained earnings for the six months ended 30th June 2007.

At a meeting held on 14th September 2007, the directors declared an interim dividend of 5 HK cents per share for the year ending 31st December 2007 (2006: 5 HK cents per ordinary share). This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2007.

7 (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated based on the (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/profit attributable to equity holders of the Company	**(5,770)**	25,869
Weighted average number of ordinary shares in issue (thousands)	**393,865**	381,110
Basic (loss)/earnings per share (HK cents per share)	**(1.5)**	6.8

The diluted (loss)/earnings per share for the period is based on 393,864,884 (2006: 381,110,000) ordinary shares which represent the weighted average number of ordinary shares in issue during the period plus the weighted average number of nil (2006: 38,000) ordinary shares deemed to be issued if all outstanding options had been exercised.

	Six months ended 30th June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/Profit attributable to equity holders of the Company	**(5,770)**	25,869
Weighted average number of ordinary shares in issue (thousands)	**393,865**	381,110
Adjustments for share options (thousands)	**-**	38
Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands)	**393,865**	381,148
Diluted (loss)/earnings per share (HK cents per share)	**(1.5)**	6.8

8. TRADE RECEIVABLES

The ageing analysis of trade receivables after provision for bad and doubtful debts is analyzed as follows:

	As at	
	30th June	31st December
	2007	2006
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Within 3 months	**94,179**	118,835
Over 3 months but less than 6 months	**2,162**	11,372
Over 6 months but less than 1 year	**297**	226
Over 1 year	**182**	14
	96,820	130,447

The normal credit period granted by the Group is on average of 3 months from the date of invoice. The fair value of trade receivables is not materially different from their book values.

9. CREDITORS AND ACCRUED CHARGES

	As at 30th June 2007 (Unaudited) HK$'000	31st December 2006 (Audited) HK$'000
Creditors	**87,785**	90,755
Accrued charges and other payables	**49,740**	62,594
	137,525	153,349

The ageing analysis of creditors at 30th June 2007 is as follows:

	As at 30th June 2007 (Unaudited) HK$'000	31st December 2006 (Audited) HK$'000
Within 3 months	**85,038**	89,169
Over 3 months but less than 6 months	**2,088**	1,056
Over 6 months but less than 1 year	**310**	219
Over 1 year	**349**	311
	87,785	90,755

10 DISCONTINUING OPERATIONS

In January 2006, the Group completed the disposal of the discontinuing operations (property leasing business) for a cash consideration of HK$528,110,000, resulting in a gain on disposal of HK$2,113,000 net of the top-up payment payable by the Company and the related transaction costs.

An analysis of the results of discontinued operations is as follows: -

	Six months ended 30th June 2007 (Unaudited) HK$'000	2006 (Unaudited) HK$'000
Rental income	**-**	1,071
Operating costs	**-**	(103)
Gross profit	**-**	968
Gain on disposal of investment property	**-**	2,113
Profit before income tax	**-**	3,081
Current income tax	**-**	(4,158)
Deferred taxation relating to the reversal of temporary difference	**-**	3,986
Profit from discontinued operations	**-**	2,909

INTERIM DIVIDEND

At a meeting held on 14th September 2007, the Board of Directors proposed an interim dividend of 5 HK cents (2006: 5 HK cents) per ordinary share.

	Six months ended	
	30th June 2007	**30th June 2006**
	HK$'000	***HK$'000***
Interim, proposed, of 5 HK cents (2006: 5 HK cents) per ordinary share	**19,693**	19,693

The interim dividend proposed was computed based on 393,864,884 ordinary shares of the Company in issue on 14th September 2007.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:00 p.m. on 28th September 2007. The interim dividend will be payable on 16th October 2007, to shareholders whose names appear on the register of members at the close of business on 5th October 2007.

The book of transfers and register of members will be closed from 2nd October 2007 to 5th October 2007, both days inclusive, during which period no transfer of shares will be registered.

BUSINESS HIGHLIGHTS

In the first half of 2007, our strategy to diversify to other product lines took a temporary setback because of slower sales of residential air filtration systems due to USA housing slowdown. During the same period, overhead and labor costs increased significantly, mainly due to RMB currency appreciation and the new minimum wage requirement in China. The turnover of the Group was HK$383 million in the first six months of 2007, representing a decrease of 16 % compared with turnover at the same time last year for the Group's consolidated result. The Company's net loss was HK$5.7 million, reflecting a decrease of 122 % compared with same time last year. The net loss of HK$5.7 million consists of loss from the Group's associate company Cheung Fung Technology (Holdings) Ltd. of HK$5.2 million, as well as net loss of HK$0.5 million from the core business.

Despite the lower turnover and the fact that the Company suffered an operating loss, we are still optimistic that our strategy to develop new products in new categories and our uncompromising attitude on maintaining good product quality will succeed. Many of our competitors lowered their material costs by substituting reliable suppliers with less reliable sources. However, our Company continues to work closely with our loyal suppliers during this challenging time to ensure that all parts from our supply chain comply with international quality standard.

PROSPECTS FOR THE SECOND HALF OF 2007

The Company continues to develop and will launch a series of new air filtration products in the second half of 2007. We expect to launch other new products during the second half of 2007 and early part of 2008. The Company is optimistic that the new products to be launched in the next 12 months will make positive contribution to the Company's turnover and margins.

We continue to explore new product development and opportunities in the medical equipment field. Despite that the progress is slower than our initial expectation, we believe we are moving in the right direction as we have obtained solid cooperation with potential customers.

To counter the increase in overhead and labor costs, our management has implemented an E100 productivity efficiency program to achieve a slimmer workforce that can generate higher production output and explore subcontracting some process that will not compromise overall quality. We expect to see positive result during the second half of 2007.

Regarding the cigarette paper business, financial result was adversely impacted due to the less than satisfactory sales growth for the high porous plug wrapped paper product. Our management has been negotiating with our strategic partner/buyer on possible merger/buyout opportunities. Our management also expects to exit the cigarette paper business within the next 6 – 12 months so we can focus our resources and effort in developing our core business.

FINANCIAL POSITION

The liquidity position of the Company was very good. The current ratio was 3.8 as of 30th June 2007.

Bank balances and cash were HK$307 million as of 30th June 2007, representing a decrease of HK$34 million over that of the same period of the previous year. The change was mainly due to cash used in supporting operating activities and dividends paid out at fiscal year end of 2006.

There was no bank borrowing as of 30th June 2007, and the Group had no contingent liabilities as of 30th June 2007.

CHARGE ON ASSETS

The Group has no charges on assets as of 30th June 2007.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in US Dollars, Hong Kong Dollars and Renminbi. The Group does not foresee any substantial exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

STAFF

The Group currently employs approximately 65 Hong Kong staff members and has participated in the Mandatory Provident Fund Scheme and defined contribution pension schemes. Our factory in mainland China employs about 300 staff members. Workers employed directly or indirectly by the factory ranged from 5,000 to 6,500 persons during the period.

The Group's remuneration policies and share option scheme remained the same as revealed in the annual financial statements for the year ended 31st December 2006.

On behalf of the Board, I would like to extend the Board's appreciation to all our staff members for their hard work and dedication throughout the period.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

CORPORATE GOVERNANCE

Throughout the period, the Company was in compliance with the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with deviations from code provision A.4.1 of the CG Code in respect of the service term of independent non-executive directors.

Under code provision A.4.1 of the CG Code, non-executive directors (including independent non-executive directors) should be appointed for a specific term and subject to re-election.

None of the existing independent non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, all independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises two Executive Directors, Mr. Wong, John Ying Man and Mr. Wong, Raymond Man Hin, one Non-Executive Director, Mr. Huang Zhouchang, and three Independent Non-Executive Directors, Mr. Leung, Michael Kai Hung (Chairman), Mr. Fan, Anthony Ren Da and Mr. Ng Yiu Ming.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company (the "Code"). Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards as set out in the Code during the six months period ended 30th June 2007.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee of the Company has reviewed with the management the accounting practices and principles adopted by the Group and discussed auditing, internal control and financial reporting matters with the management of the Company including the review of this interim report.

APPOINTMENT OF ALTERNATE DIRECTOR

The Board announced that Mr. Mok, Kin Hing be appointed as Alternate Director to Mr. Wong, Wilson Kin Lae, Chairman and Executive Director of the Company, with effect from 14th September 2007.

Mr. Mok, Kin Hing, aged 44, first joined the Company in 1990 as a Production Planning Co-ordinator. In 1993, he was appointed Production Manager. In 1996, he was appointed General Manager of our Nansha factory. Mr. Mok was appointed member of Chinese People's Political Consultative Conference in Guangzhou City, Nansha District in 2005.

Save as the above, Mr. Mok has not held any directorship in any other listed company in the past three years. He does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there is no other information relating to Mr. Mok to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

Mr. Mok does not have any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract signed between the Company and Mr. Mok and he is not appointed for a specific term. In accordance with the Company's Articles of Association, the appointment of an alternate director shall determine on the happening of any event which, were he a director, would cause him to vacate such office or if his appointor ceases to be a director. He is not entitled to receive any remuneration in respect of his appointment as alternate director except only such part of the remuneration (if any) otherwise payable to his appointor as such appointor may direct from time to time.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.raymondfinance.com) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following directors:

Executive directors:
Mr. Wong, Wilson Kin Lae; Mr. Wong, John Ying Man and Mr. Wong, Raymond Man Hin

Non-executive directors:
Dr. Wong, Philip Kin Hang, *GBS, JP, LLD, DH;* Mr. Huang Zhouchang; Mr. Qiang Wenyu and Mr. Xiong Zheng Feng (alternate to Mr. Huang Zhouchang)

Independent non-executive directors:
Mr. Leung, Michael Kai Hung; Mr. Fan, Anthony Ren Da and Mr. Ng Yiu Ming

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 14th September 2007