RAYMOND Industrial Ltd
利民實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

ANNOUNCEMENT
SUMMARY OF FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

The Directors announce that the audited results for the year ended 31st December 2007 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2007
(Expressed in Hong Kong dollars)

	Note	**Continuing operations 2007** ***HK$***	Continuing operations 2006 *HK$*	Discontinued operations 2006 *HK$*	Total 2006 *HK$*
Turnover	*4*	**842,856,069**	954,572,347	1,650,714	956,223,061
Cost of sales		**(769,915,516)**	(837,255,886)	(103,338)	(837,359,224)
Gross profit		**72,940,553**	117,316,461	1,547,376	118,863,837
Other revenue	*5*	**17,272,437**	18,088,475	–	18,088,475
Other net (loss)/income	*5*	**(1,534,778)**	3,650,626	–	3,650,626
Selling expenses		**(10,720,276)**	(19,826,332)	–	(19,826,332)
General and administrative expenses		**(79,174,846)**	(67,677,495)	–	(67,677,495)
(Loss)/profit from operations		**(1,216,910)**	51,551,735	1,547,376	53,099,111
Share of losses of associates		**(52,868,402)**	(1,136,798)	–	(1,136,798)
(Loss)/profit before taxation	*6*	**(54,085,312)**	50,414,937	1,547,376	51,962,313
Income tax credit/(expense)	*7*	**8,590,769**	(5,566,777)	(274,054)	(5,840,831)
(Loss)/profit after taxation but before gain on sale of discontinued operations		**(45,494,543)**	44,848,160	1,273,322	46,121,482
Gain on sale of discontinued operations	*8*	**–**	–	2,112,584	2,112,584
(Loss)/profit for the year and attributable to equity holders of the company		**(45,494,543)**	44,848,160	3,385,906	48,234,066

	Note	**Continuing operations 2007** *HK$*	Continuing operations 2006 *HK$*	Discontinued operations 2006 *HK$*	Total 2006 *HK$*
Dividends payable to equity shareholders of the company attributable to the year:	9				
Interim dividend declared during the year		**19,693,244**			19,693,244
Final dividend proposed after balance sheet date		**3,938,648**			43,325,137
Special dividend proposed after balance sheet date		**78,772,977**			39,386,488
		102,404,869			102,404,869
(Loss)/earnings per share					
Basic, HK cents	*10*	**(11.55)**	11.53	0.87	12.40
Diluted, HK cents	*10*	**(11.55)**	11.53	0.87	12.40

CONSOLIDATED BALANCE SHEET

As 31st December 2007

(Expressed in Hong Kong dollars)

	Note	2007 HK$	2006 HK$
Non-current assets			
Fixed assets			
– Property, plant and equipment		**179,173,132**	188,888,094
– Interests in leasehold land held for own use under operating leases		**14,321,284**	14,018,513
Interests in associates		**–**	52,868,402
Deferred tax assets		**4,222,780**	100,360
		197,717,196	255,875,369
Current assets			
Inventories		**103,510,986**	102,320,197
Trade and other receivables	*11*	**121,299,425**	144,021,312
Loan and interest receivable from an associate		**–**	9,033,210
Cash and cash equivalents		**305,371,471**	383,106,968
		530,181,882	638,481,687
Current liabilities			
Trade and other payables	*12*	**115,370,456**	155,843,630
Provision		**7,800,000**	–
Current taxation		**6,246,710**	6,479,678
Dividends payable	*9*	**1,298,417**	1,102,658
		130,715,583	163,425,966
Net current assets		**399,466,299**	475,055,721
Total assets less current liabilities		**597,183,495**	730,931,090
Non-current liabilities			
Deferred tax liabilities		**3,312,680**	8,810,850
NET ASSETS		**593,870,815**	722,120,240
CAPITAL AND RESERVES			
Share capital		**196,932,442**	196,932,442
Reserves		**396,938,373**	525,187,798
TOTAL EQUITY		**593,870,815**	722,120,240

NOTE:

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The annual results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. The annual results also comply with the applicable disclosure provisions of the Rules on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in the annual results.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments mentioned in note 1. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been certain additional disclosures provided.

As a result of the adoption of HKFRS 7, the financial statements included expanded disclosures about the significance of the group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation.

The amendment to HKAS 1 introduces additional disclosures requirements to provide information about the level of capital and the group's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial instruments.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

Segment information is presented in respect of the group's business and geographical segments. Geographical segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

Geographical segments

The group's business is managed on a worldwide basis, but participates in four principal economic environments. The PRC, Japan, Europe and North America are the major market for all of the group's electrical appliances business.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	United States		The PRC		Japan		Europe		Others		Inter-segment Elimination		Unallocated		Total Continuing operations		Discontinued operations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenues																				
External sales	283,699	353,981	21,459	13,507	337,128	327,301	141,959	177,100	58,611	82,683	-	-	-	-	842,856	954,572	-	1,651	842,856	956,223
Inter-segment sales	-	-	518,543	535,972	-	-	-	-	742,736	771,678	(1,261,279)	(1,307,650)	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	120	-	120	-	-	-	120	-
	283,699	353,981	540,002	549,479	337,128	327,301	141,959	177,100	801,347	854,361	(1,261,279)	(1,307,650)	120	-	842,976	954,572	-	1,651	842,976	956,223
Segment result	(150)	11,856	(131)	573	(1,194)	8,490	514	13,253	(169)	3,707	-	174	-	-	(1,130)	38,053	-	1,547	(1,130)	39,600
Interest income															17,152	18,088	-	-	17,152	18,088
Unallocated cost															(17,239)	(4,589)	-	-	(17,239)	(4,589)
(Loss)/profit from operations															(1,217)	51,552	-	1,547	(1,217)	53,099
Share of losses of associates															(52,868)	(1,137)	-	-	(52,868)	(1,137)
(Loss)/profit before taxation															(54,085)	50,415	-	1,547	(54,085)	51,962
Income tax credit/(expense)															8,591	(5,567)	-	(274)	8,591	(5,841)
(Loss)/profit after taxation before gain on sale of operations															(45,494)	44,848	-	1,273	(45,494)	46,121
Gain on sale of discontinued operations															-	-	-	2,113	-	2,113
(Loss)/profit for the year															(45,494)	44,848	-	3,386	(45,494)	48,234
Depreciation and amortisation for the year	-	-	24,294	21,489	-	-	-	-	1,146	1,268	-	-	-	-	25,440	22,757	-	-	25,440	22,757
Impairment of – loan and interest receivable from an associate	-	-	-	-	-	-	-	-	9,439	-	-	-	-	-	9,439	-	-	-	9,439	-
Provision for financial loss	-	-	-	-	-	-	-	-	7,800	-	-	-	-	-	7,800	-	-	-	7,800	-
Segment assets	-	-	272,656	290,207	-	-	-	-	451,020	551,182	-	-	-	-	723,676	841,389	-	-	723,676	841,389
Investment in associates	-	-	-	-	-	-	-	-	-	52,868	-	-	-	-	-	52,868	-	-	-	52,868
Unallocated assets															4,223	100	-	-	4,223	100
Total assets															727,899	894,357	-	-	727,899	894,357
Segment liabilities	(9,501)	(9,501)	(24,716)	(30,331)	-	-	-	-	(88,953)	(113,517)	-	-	-	-	(123,170)	(153,349)	-	-	(123,170)	(153,349)
Unallocated liabilities															(10,858)	(18,888)	-	-	(10,858)	(18,888)
Total liabilities															(134,028)	(172,237)	-	-	(134,028)	(172,237)
Capital expenditure incurred during the year			4,734	11,201					3,887	1,258	-	-	-	-	8,621	12,459	-	-	8,621	12,459

Business segments

The group comprises the following main business segments:

Electrical home appliances: the manufacturing and sale of electrical home appliances.

Property leasing: the leasing of office premises to generate rental income.

	Electronic home appliances		Others		Total continuing operations		Discontinued operations		Total operations	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**842,856**	954,572	**120**	–	**842,976**	954,572	**–**	1,651	**842,976**	956,223
Segment assets	**723,676**	841,389	**–**	–	**723,676**	841,389	**–**	–	**723,676**	841,389
Capital expenditures incurred during the year	**8,621**	12,459	**–**	–	**8,621**	12,459	**–**	–	**8,621**	12,459

4 TURNOVER

The principal activities of the company are manufacturing and sale of electrical home appliances and investment holding.

Turnover represents the sales value of goods supplied to customers net of value added tax or other sales taxes and is after deduction of any trade discounts.

5 OTHER REVENUE AND NET(LOSS)/INCOME

	2007	2006
	HK$	*HK$*
Other revenue		
Bank interest income	**16,747,001**	17,555,265
Interest income receivable from loan to an associate	**405,436**	533,210
	17,152,437	18,088,475
Rentals receivable from operating leases, other than those relating to investment property	**120,000**	–
	17,272,437	18,088,475
Other net (loss)/income		
Net gain/(loss) on disposal of property, plant and equipment	**736,702**	(2,120,026)
Net exchange (loss)/gain	**(2,405,969)**	754,430
Tax refund from reinvestment in a subsidiary	**–**	3,966,421
Sundry income	**134,489**	1,049,801
	(1,534,778)	3,650,626

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived after charging/(crediting):

		2007 *HK$*	2006 *HK$*
(a)	**Staff costs**		
	Salaries, wages and other benefits	**111,907,338**	95,167,127
	Discretionary bonuses	**2,314,440**	5,381,800
	Contributions to defined contribution retirement plans	**8,972,305**	8,698,922
	Equity-settled share-based payment transactions	**(31,329)**	–
		123,162,754	109,247,849
(b)	**Other items:**		
	Cost of inventories sold#	**769,915,516**	837,255,886
	Amortisation		
	– land lease premium	**465,537**	439,468
	Depreciation		
	– property, plant and equipment	**24,974,270**	22,317,720
	Impairment losses		
	– trade and other receivables	**–**	2,527,268
	– loan and interest receivable from an associate	**9,438,646**	–
	Provision for financial loss	**7,800,000**	–
	Auditors' remuneration	**885,447**	850,780
	Product development costs	**235,352**	952,210

\# Cost of inventories includes HK$78,335,000 (2006: HK$72,852,000) relating to staff cost and depreciation, which amount is also included in the respective total amounts disclosed separately above or in note 6(a) for each type of expense.

7 INCOME TAX

(a) Income tax in the consolidated income statement

	2007 *HK$*	2006 *HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**107,055**	8,310,409
Under-provision in respect of prior years	**149,910**	109,917
	256,965	8,420,326
Current tax – PRC Enterprise Income Tax		
Provision for the year	**1,556,394**	2,216,580
Tax refund	**(777,625)**	–
Under/(over)-provision in respect of prior years	**8,448**	(678,855)
	787,217	1,537,725
Deferred tax		
Origination and reversal of temporary differences	**(9,634,951)**	(4,117,220)
Income tax (credit)/expense	**(8,590,769)**	5,840,831

(b) Current taxation in the balance sheet represents:

	The group	
	2007	2006
	HK$	*HK$*
Provision for the year		
– Hong Kong Profits Tax	**107,055**	8,310,409
– PRC income tax	**1,556,394**	2,216,580
Over-provision in prior years	**(619,267)**	(568,938)
Tax refunded	**777,625**	–
Tax paid	**(176,246)**	(146,840)
	1,645,561	9,811,211
Balance of profit tax provision relating to prior years	**4,601,149**	(3,331,533)
	6,246,710	6,479,678

8 DISCONTINUED OPERATIONS

On 21st October 2005, the company sold its investment property to an independent third party for a consideration of HK$528,110,000 in accordance with a sale and purchase agreement. Pursuant to the terms and conditions of such agreement, the sale of such property investment was consummated on 26th January 2006.

The property leasing business segment is reported as a discontinued operation in these financial statements.

The net assets of the discontinued operations as at the date of discontinuance were as follows:

	At 26th January 2006
	HK$
Investment property *(note)*	485,000,000
Consideration received	
– satisfied in cash	528,110,000
– other payables	(40,997,416)
	487,112,584
Consideration received, satisfied in cash and net cash inflow	528,110,000

The cash flows of the discontinued operations for the previous year were as follows:

	1st January 2006 to 26th January 2006
	HK$
Cash used in operating activities	(47,836,482)
Cash generated from investing activities	528,110,000

Note: The investment property was revalued at 31st December 2005 on the basis of its open market value by independent, professionally qualified valuers, Vigers Appraisal and Consulting Limited. The investment property is located in Hong Kong and held on leases of between 10 and 50 years.

9 DIVIDENDS

(a) Dividends payable to equity shareholders of the company attributable to the year

	2007	2006
	HK$	*HK$*
Interim dividend declared and paid of 5 HK cents per ordinary share (2006: 5 HK cents per ordinary share)	**19,693,244**	19,693,244
Final dividend proposed after the balance sheet date of 1 cent per ordinary share (2006: 11 HK cents per ordinary share)	**3,938,648**	43,325,137
Special dividend proposed after the balance sheet date of 20 cents per share (2006: 10 HK cents per ordinary share)	**78,772,977**	39,386,488
	102,404,869	102,404,869

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the year.

	2007	2006
	HK$	*HK$*
Final dividend in respect of the previous financial year, approved and paid during the year, of 11 HK cents per share (2006: 11 HK cents per share)	**43,325,137**	42,308,407
Special dividend in respect of the previous financial year, approved and paid during the year, of 10 HK cents per share (2006: 50 HK cents per share)	**39,386,488**	192,310,942
	82,711,625	234,619,349

(c) Dividends payable in balance sheet

	2007	2006
	HK$	*HK$*
At 1st January	**1,102,658**	535,300
Dividends paid	**(102,209,110)**	(259,383,465)
Dividend declared and approved during the year		
– in respect of the previous financial year	**82,711,625**	240,257,579
– in respect of the current financial year	**19,693,244**	19,693,244
At 31st December	**1,298,417**	1,102,658

10 (LOSS)/EARNINGS PER SHARE

(a) The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the company of HK$45,494,543 (2006: profit of HK$48,234,066) and the weighted average of 393,864,884 ordinary shares (2006: 389,067,043) in issue during the year.

Weighted average number of ordinary shares

	2007	2006
Issued ordinary share at 1 st January	**393,864,884**	378,080,884
Effect of share options exercised	**–**	10,986,159
Weighted average number of ordinary share at 31 st December	**393,864,884**	389,067,043

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the company of HK$45,494,543 (2006: profit of HK$48,234,066) and the weighted average number of ordinary shares of 393,864,884 shares (2006: 389,067,043 shares).

The diluted (loss)/earnings per share calculations have not included the outstanding share options as at 31st December 2007 and 2006 since the effect is anti-dilutive.

11 TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$	*HK$*
Trade debtors and bills receivable	**113,066,088**	130,446,857
Other debtors	**4,771,273**	4,065,384
Deposits and prepayments	**3,462,064**	9,509,071
	121,299,425	144,021,312

All trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

Included in trade and other receivables are trade debtors and bills receivables with the following ageing analysis as of the balance sheet date:

	The group	
	2007	2006
	HK$	*HK$*
Current	**66,077,377**	69,084,462
Less than one month past due	**29,377,902**	35,540,123
1 to 3 months past due	**15,624,185**	16,408,763
More than 3 months but less than 12 months past due	**1,806,988**	9,399,502
Over 12 months past due	**179,636**	14,007
Amounts past due	**46,988,711**	61,362,395
	113,066,088	130,446,857

Trade debtors and bills receivable are due within 30 to 60 days from the date of billing.

(b) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	2007	2006
	HK$	*HK$*
Neither past due nor impaired	**66,077,377**	69,084,462
Less than one month past due	**29,377,902**	35,540,123
1 to 3 months past due	**15,624,185**	16,408,763
More than 3 months but less than 12 months past due	**1,806,988**	9,399,502
Over 12 months past due	**179,636**	14,007
Amounts past due	**46,988,711**	61,362,395
	113,066,088	130,446,857

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The group does not hold any collateral over these balances.

12 TRADE AND OTHER PAYABLES

	2007	2006
	HK$	*HK$*
Trade creditors	**81,568,173**	90,755,177
Accrued charges and other payables	**33,802,283**	65,088,453
	115,370,456	155,843,630

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand. Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2007	2006
	HK$	*HK$*
Due within 1 month or on demand	**77,995,438**	88,755,068
Due after 1 month but within 3 months	**3,199,032**	1,640,869
Due after 3 months but within 12 months	**118,089**	103,626
Due after 12 months	**255,614**	255,614
	81,568,173	90,755,177

OPERATION RESULT

During the Year 2007, the Group's electrical appliances business has continued diversification in product mix as traditional small appliances have seen a continual decline in gross profit margin. U.S. market was adversely impacted by lower consumer confidence as average consumers spent less on small electrical appliances. Some of our new products, such as the residential filtration systems, suffered declining sales from a U.S. housing market slow down. Despite the difficult time in 2007, our Group is optimistic of a turnaround in turnover and profits in 2008. Since the beginning of 2008, we gradually launch new innovative products as a result of our substantial investment in innovation and R & D. Our dedication to innovation and quality was recognized by the Business Initiative Development (BID) organization in Spain and were awarded a gold and platinum awards in September 2007 and April 2008 respectively.

As energy costs and paper pulp prices increased substantially together with increased competition and price war initiated by foreign cigarette paper companies, the cigarette paper division suffered heavy losses and had difficulty to service its debts. As a result, our Group has decided to write off our investment in the paper business and the related party loans, and booked a charge for the total investment in Cheung Fung Technology (Holdings) Ltd. ("Cheung Fung").

Since the Group has a cash balance of HK$305.4 million at the year ended 31st December 2007, and there are no suitable investment opportunities in the manufacturing industry, and our management does not intend to invest in business unrelated to our core business, the Group decides to return part of the cash to shareholders in the form of special dividends.

For the financial year ended 31st December 2007, the Group's consolidated turnover was HK$843 million compared with HK$956 million in the previous year, representing a decrease of 12% in turnover, mainly due to the discontinuation of low margins product lines.

The Group's net loss is HK$45.5 million, mainly due to a one time write off of the investment in Cheung Fung , representing loss per share of 11.55 HK cents (our net profit in 2006 was HK$48.2 million, with profit per share of 12.4 HK cents).

DIVIDEND

The Board of Directors is recommending the payment of a final dividend of 1 HK cent, making a total payout of 6 HK cents per share for 2007 and a special dividend of 20 HK cents per share (2006 : total of 16 HK cents per share and a special dividend of 10 HK cents per share). The total amount of dividend appropriated, based on the number of shares in issue, is HK$102.4 million (2006 : HK$102.4 million).

The book of transfers and register of member will be closed from 2nd June 2008 to 6th June 2008, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the final dividend and special dividend, lodging of all transfers accompanied by the relevant share certificates must not be later than 4:00 p.m. on 30th May 2008 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. The final dividend and special dividend are payable on 17th June 2008 to members on register on 6th June 2007.

FINANCIAL POSITION

The liquidity position of the Group remains sound. Its current ratio was 4.06 as of 31st December 2007, against 3.91 as of 31st December 2006.

During the year, the Group's accounts receivable turnover stood at 49 days in year 2007, compared with 50 days of the previous year. The inventory turnover increased from 45 days in year 2006 to 49 days in year 2007.

Bank balances and cash were HK$305.4 million as of 31st December 2007, representing a decrease of HK$77.7 million over that of the previous year.

There are no bank borrowings as of 31st December 2007.

The Group had no contingent liabilities as of 31st December 2007.

As of 31st December 2007, the Group had commitments for capital contribution to subsidiaries (authorised but not contracted for) of HK$47 million.

CHARGES ON ASSETS

The Group has no charges on assets as of 31st December 2007.

FUTURE PROSPECTS

The core business of the Group has continued to shift from lower margin small appliances manufacturing to higher margin environmental products. Strategically, our direction is to weed out low margin, bigger size products such as toaster ovens and develop smaller, higher margin shaver products. In light of the continual up-trend of raw material costs, labor and utilities costs, appreciating Renminbi, and a less favorable business environment for traditional small appliance product line, the Group continues our E-100 cost savings initiative to streamline production processes and material control to improve production efficiency and realise more operation cost savings. Our strategy to develop niche market for higher margin products has resulted in our close collaboration with local universities and European inventors of new technologies.

In 2008 we will review our new product mix and strategic plan to make our products more competitive and profitable. We will explore business opportunities in other new markets such as Latin America and China, and search for new ways to form strategic partnership with our customers. We now have a representative stationed in Germany to continue to expand our business in Europe. Meanwhile, we are in the process of setting up new offshore operations to give us more flexibility.

STAFF

The Group currently employs approximately 50 Hong Kong staff members and operates the Mandatory Provident Fund Scheme and defined contribution pension schemes. Our factory in Mainland China employs about 250 staffs, and workers employed directly or indirectly varied from 3,000 to 4,000 persons during the period. Remuneration is determined by reference to the qualifications, experience and performance of the staff.

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

PURCHASE, SALE OR REDEMPTION OF OUR SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

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 Model Code.

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 provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Audit Committee comprises all independent non-executive directors and one non-executive director. Two meetings were held during the current financial year.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, financial report process and internal control matters including a review of the audited financial statements for the year ended 31st December 2007.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.raymondfinance.com). The annual report of the Company for the year ended 31st December 2007 will be despatched to shareholders of the Company and available on the above websites in due course.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the B1 Floor, Monet Room, Inter-Continental Grand Stanford Hong Kong, 70 Mody Road, Kowloon, on Friday, 6th June 2008 at 3:00 p.m. The Notice of Annual General Meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

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 and Mr. Qiang Wenyu

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

Alternate directors:
Mr. Xiong Zheng Feng (alternate to Mr. Huang Zhouchang) and Mr. Mok Kin Hing (alternate to Mr. Wong, Wilson Kin Lae)

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 18th April 2008