RAYMOND Industrial Ltd
利民實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

Announcements
2009 Interim Results

SUMMARY OF UNAUDITED FINANCIAL RESULTS

For the six months ended 30 June 2009

The Board of Directors (the "Board") of Raymond Industrial Limited (the "Company") announce that the unaudited interim results for the six months ended 30 June 2009 of the Company and its subsidiaries (collectively the "Group"). The consolidated income statement, consolidated statement of comprehensive income of the Group for the six months ended 30 June 2009 and the consolidated balance sheet of the Group as at 30 June 2009, along with selected explanatory notes, are unaudited and have been reviewed by the Company's Audit Committee together with the Company's independent auditor, Baker Tilly Hong Kong Limited.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Turnover	*3 & 4*	**284,163**	337,882
Cost of sales		**(268,722)**	(322,144)
Gross profit		**15,441**	15,738
Other revenue	*5*	**592**	4,007
Other net loss	*5*	**(683)**	(348)
Selling expenses		**(5,478)**	(5,470)
General and administrative expenses		**(25,262)**	(31,545)
Loss before taxation	*6*	**(15,390)**	(17,618)
Income tax (expense)/credit	*7*	**(74)**	8,879
Loss for the period and attributable to equity shareholders of the Company		**(15,464)**	(8,739)
Loss per share	*9*		
Basic, HK cents		**(3.93)**	(2.22)
Diluted, HK cents		**(3.93)**	(2.22)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Loss for the period	**(15,464)**	(8,739)
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**3,338**	14,112
Total comprehensive (loss)/income for the period and attributable to equity shareholders of the Company	**(12,126)**	5,373

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2009 (Unaudited)** *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Non-current assets			
Fixed assets			
– Property, plant and equipment		**165,098**	171,228
– Interests in leasehold land held for own use under operating leases		**14,260**	14,384
Interests in associates		**–**	–
Deferred tax assets		**5,788**	5,727
		185,146	191,339
Current assets			
Inventories		**106,175**	88,045
Trade and other receivables	*10*	**78,372**	76,581
Tax recoverable		**8,153**	7,883
Cash and cash equivalents	*11*	**198,581**	215,926
		391,281	388,435
Current liabilities			
Trade and other payables	*12*	**114,579**	85,917
Dividends payable		**1,392**	1,520
		115,971	87,437
Net current assets		**275,310**	300,998
Total assets less current liabilities		**460,456**	492,337
Non-current liabilities			
Deferred tax liabilities		**2,414**	2,411
NET ASSETS		**458,042**	489,926
CAPITAL AND RESERVES			
Share capital		**196,932**	196,932
Reserves		**261,110**	292,994
TOTAL EQUITY		**458,042**	489,926

Notes:

1 BASIS OF PREPARATION

These interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34, Interim financial reporting ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial report was authorised for issuance on 23 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2 NEW AND REVISED HKFRSs

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Improvements to HKFRSs (2008)
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations

The amendments to HKFRS 2 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The adoption of the amendments to HKAS 27 and improvements to HKFRSs (2008) does not have significant impact on the Group's results of operations and financial position. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in note 3 which explains the basis of preparation of the information. Comparative figures have also been disclosed on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented profit or loss for any of the period presented.

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

3 SEGMENT REPORTING

The Group is principally engaged in a single business segment, the manufacture and sale of electrical home appliances, therefore, no analysis in business segment is presented.

On first-time adoption of HKFRS 8, Operating segments, and in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment, the Group has identified five reportable segments on a geographical basis: Japan, United States, the People's Republic of China (the "PRC"), Europe and rest of the world. The electrical home appliances are manufactured in the Group's manufacturing facilities located in the PRC. The "rest of the world" segment covers sales of electrical home appliances to customers in Australia, Canada and Hong Kong.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets included all tangible assets and current assets with the exception of interests in associates, tax balances and other corporate assets. Segment liabilities included trade creditors, accrued charges and other payables with the exception of tax balances attributable to the manufacture and sale activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Electrical home appliances											
	United States		The PRC		Japan		Europe		Rest of the world		Total	
For the six months ended	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**62,282**	87,395	**10,525**	11,180	**155,024**	168,468	**42,798**	50,273	**13,534**	20,566	**284,163**	337,882
Inter-segment revenue	**–**	–	**180,942**	205,752	**–**	–	**–**	–	**243,158**	317,911	**424,100**	523,663
Reportable segment revenue	**62,282**	87,395	**191,467**	216,932	**155,024**	168,468	**42,798**	50,273	**256,692**	338,477	**708,263**	861,545
Reportable segment (loss)/ profit (adjusted EBITDA)	**(528)**	(2,091)	**(89)**	(267)	**(363)**	(1,203)	**(1,317)**	(4,032)	**66,330**	80,515	**64,033**	72,922
Reportable segment assets	**–**	–	**359,479**	374,223	**–**	–	**–**	–	**309,896**	372,483	**669,375**	746,706
Additions to non-current segment assets during the period	**–**	–	**4,572**	2,440	**–**	–	**–**	–	**558**	538	**5,130**	2,978
Reportable segment liabilities	**–**	–	**(102,782)**	(126,888)	**–**	–	**–**	–	**(118,686)**	(104,905)	**(221,468)**	(231,793)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**708,263**	861,545
Elimination of inter-segment revenue	**(424,100)**	(523,663)
Consolidated turnover	**284,163**	337,882

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Reportable segment profit	**64,033**	72,922
Elimination of inter-segment profits	**(66,446)**	(81,007)
Reporting segment loss derived from group's external customers	**(2,413)**	(8,085)
Other revenue and net loss	**(91)**	3,659
Depreciation and amortisation	**(12,886)**	(13,192)
Consolidated loss before taxation	**(15,390)**	(17,618)

	At 30 June	At 31 December
	2009	2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**669,375**	645,882
Elimination of inter-segment receivables	**(106,889)**	(79,718)
	562,486	566,164
Tax recoverable	**8,153**	7,883
Deferred tax assets	**5,788**	5,727
Consolidated total assets	**576,427**	579,774

	At 30 June	At 31 December
	2009	2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(221,468)**	(165,635)
Elimination of inter-segment payables	**106,889**	79,718
	(114,579)	(85,917)
Dividend payable	**(1,392)**	(1,520)
Deferred tax liabilities	**(2,414)**	(2,411)
Consolidated total liabilities	**(118,385)**	(89,848)

4 SEASONALITY OF OPERATIONS

The Group on average experiences higher demands in the second half of the year. As a result, the Group typically reports lower revenue and results in the first half of the year.

5 OTHER REVENUE AND NET LOSS

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**472**	3,887
Rental receivable from operating leases, other than those relating to investment property	**120**	120
	592	4,007
Other net loss		
Net (loss)/gain on disposal of property, plant and equipment	**(70)**	99
Net exchange loss	**(986)**	(243)
Sundry income/(expenses)	**373**	(204)
	(683)	(348)

6 LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(a) Staff costs		
Salaries, wages and other benefits	**42,738**	46,883
Discretionary bonuses	**156**	550
Contributions to defined contribution retirement plans	**4,957**	5,200
Equity settled share-based payment transactions	**(65)**	5,390
	47,786	58,023
(b) Other items		
Cost of inventories sold#	**268,722**	322,144
Amortisation		
– land lease premium	**245**	243
Depreciation		
– property, plant and equipment	**12,641**	12,949
Product development costs	**345**	676

Cost of inventories includes HK$45,725,000 (2008: HK$52,150,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax	**74**	(8,400)
Deferred tax	**–**	(479)
Income tax expense/(credit)	**74**	(8,879)

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits for both the current and prior periods. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rate of taxation ruling at the relevant tax jurisdictions.

8 DIVIDENDS

(i) The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: 5 HK cents per ordinary share).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend in respect of previous financial year ended 31 December 2008, approved and paid of 5 HK cents (year ended 31 December 2007: 1 HK cent) per ordinary share	**19,693**	3,939
Special dividend in respect of previous financial year ended 31 December 2008, approved and paid of Nil HK cent (year ended 31 December 2007: 20 HK cents) per ordinary share	**–**	78,773
	19,693	82,712

9 LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$15,464,000 (six months ended 30 June 2008: HK$8,739,000) and the weighted average of 393,864,884 ordinary shares (2008: 393,864,884) in issue during the interim period.

The diluted loss per share calculations have not included the outstanding share options as at 30 June 2009 and 2008 since the effect is anti-dilutive.

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Current	**62,369**	47,252
Less than 1 month past due	**–**	15,173
1 to 3 months past due	**1,517**	6,008
More than 3 months but less than 12 months past due	**788**	1,286
Over 12 months past due	**–**	401
Trade debtors	**64,674**	70,120
Other debtors	**7,213**	4,488
Deposits and prepayments	**6,485**	1,973
	78,372	76,581

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

11 CASH AND CASH EQUIVALENTS

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Bank deposits	**121,950**	128,540
Cash at bank and in hand	**76,631**	87,386
	198,581	215,926

12 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Due within 1 month or on demand	**83,153**	53,467
Due after 1 month but within 3 months	**1,654**	604
Due after 3 months but within 12 months	**335**	131
Due after 12 months	**256**	256
Trade creditors	**85,398**	54,458
Accrued charges and other payables	**29,181**	31,459
	114,579	85,917

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: 5 HK cents per ordinary share).

BUSINESS HIGHLIGHTS

In the first half of 2009, like most companies in the manufacturing industry, we were hard hit by the financial tsunami. We saw a sharp decline in small electrical appliance business, especially in the months of January and February 2009. Although business has recovered from March to June 2009, the turnover of the Group was HK$284,163,000 in the first six months of 2009, representing a decrease of 16% compared with turnover at the same time last year for the Company's consolidated result. The Group's net loss was HK$15,464,000, widening from HK$8,739,000 net loss at the same time last year.

Despite the drop in the Group's turnover, we have completed our effort to overhaul our product line-up and launched new products with new technological innovations. We expect to see major contribution to turnover and profitability in the second half of 2009 from these new product lines.

To show our commitment to stay focused in the small electrical appliances core business, our Board has decided to liquidate Cheung Fung Technology (Holdings) Limited ("Cheung Fung"), an associate company of the Group, to completely exit the cigarette paper business. The Board is considering to appoint a qualified liquidator to handle the liquidation of Cheung Fung. The whole liquidation process is expected to be completed by end of December 2009.

PROSPECTS FOR THE SECOND HALF OF 2009

The Company has developed and launched a number of new products during the months of May, June and July 2009. These new product lines are expected to fuel a recovery in the Group's turnover and margins in the second half of 2009.

In the meantime, we continue to invest in order to strengthen our manufacturing capability in both capital equipments (approximately 70 new injection molding machines) and human resources (we have recruited some fresh graduates from local universities). The adoption of the Lean Sigma principle in our operations has begun to pay off as processes have been optimized and the number of workers has been reduced to reflect the gain in productivity. A in the past, we have invested in new manufacturing processes that would give us distinct competitive advantages over our competitors; and we have eliminated obsolete processes and technologies to streamline our manufacturing processes. We will continue to phase out non-competitive old products and stay focus on developing our core product lines in the shaving and grooming, and environmental product categories.

FINANCIAL POSITION

The liquidity position of the Company was good. The current ratio was 3.37 as of 30 June 2009.

Bank balances and cash were HK$198,581,000 as of 30 June 2009, representing a decrease of HK$10,366,000 over that of the same date of the previous year. The change was mainly due to cash used in supporting operating activities, purchase of new injection molding machines and dividends paid out at fiscal year end of 2008.

There was no bank borrowing as of 30 June 2009, and the Group had no contingent liabilities as of 30 June 2009.

As of 30 June 2009, the Group had commitments for capital contribution to subsidiaries (authorised but not contracted for) of HK$49,764,000 (31 December 2008: HK$46,800,000) and contracted for construction work and purchase of equipments and moulds of HK$3,297,000 (31 December 2008: HK$794,000).

CHARGE ON ASSETS

The Group has no charges on assets as of 30 June 2009.

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 30 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 250 staff members. Workers employed directly or indirectly by the factory ranged from 3,000 to 4,000 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 31 December 2008.

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 on 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.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules (the "Code") as its own code of conduct regarding securities transactions by the Directors of the Company. 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 30 June 2009.

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.

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 the interim results and the interim financial report for the six months ended 30 June 2009.

NOMINATION COMMITTEE

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

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The interim financial report 2009 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.raymondfinance.com) in due course.

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 23 September 2009

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; Mr. Wong, Raymond Man Hin and Mr. Mok Kin Hing

Non-Executive Directors:
Dr. Wong, Philip Kin Hang, *GBS, JP, LLD, DH;* Mr. Huang Zhouchang and Ms. Li Yinghong

Independent Non-Executive Directors:
Mr. Leung, Michael Kai Hung; Mr. Fan, Anthony Ren Da and Mr. Ng Yiu Ming

Alternate Directors:
Mr. Xiong Zhengfeng (alternate to Mr. Huang Zhouchang)
Mr. Wong, David Ying Kit (alternate to Dr. Wong, Philip Kin Hang)
Mr. Zhang Yuankun (alternate to Mr. Wong, Wilson Kin Lae)