RAYMOND Industrial Ltd
利民實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The Board of Directors (the "Board") of Raymond Industrial Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2010, together with comparative figures for last year as follows:

Consolidated Income Statement
(Expressed in Hong Kong dollars)

	Note	**2010** *HK$*	2009 *HK$*
Turnover	*4*	**966,563,582**	817,000,353
Cost of sales		**(868,858,517)**	(736,364,949)
Gross profit		**97,705,065**	80,635,404
Other revenue	*5*	**1,533,831**	1,046,891
Other net income	*5*	**6,607,508**	837,376
Selling expenses		**(16,071,445)**	(13,819,922)
General and administrative expenses		**(52,671,205)**	(60,716,856)
Profit before taxation	*6*	**37,103,754**	7,982,893
Income tax expense	*7*	**(7,312,011)**	(22,629)
Profit for the year and attributable to equity shareholders of the Company		**29,791,743**	7,960,264
Earnings per share	*9*		
Basic, HK cents		**7.38**	2.02
Diluted, HK cents		**7.25**	2.02

Consolidated Statement of Comprehensive Income
(Expressed in Hong Kong dollars)

	2010	2009
	HK$	*HK$*
Profit for the year	**29,791,743**	7,960,264
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**8,268,694**	3,083,420
Total comprehensive income for the year and attributable to equity shareholders of the Company	**38,060,437**	11,043,684

Consolidated Balance Sheet
(Expressed in Hong Kong dollars)

	Note	2010 HK$	2009 HK$ (Restated)	2008 HK$ (Restated)
Non-current assets				
Fixed assets				
– Property, plant and equipment		**200,107,200**	177,425,394	175,207,028
– Interests in leasehold land held for own use under operating leases		**9,999,449**	10,112,310	10,404,872
Interests in associates		**–**	–	–
Deferred tax assets		**8,378,308**	6,672,459	5,727,623
		218,484,957	194,210,163	191,339,523
Current assets				
Inventories		**125,414,189**	97,556,670	88,045,302
Trade and other receivables	*10*	**191,505,393**	133,042,449	76,581,163
Tax recoverable		**1,362,910**	5,409,313	7,882,898
Cash and cash equivalents		**161,273,936**	175,402,884	215,925,630
		479,556,428	411,411,316	388,434,993
Current liabilities				
Trade and other payables	*11*	**184,933,361**	118,302,415	85,917,711
Dividends payable		**1,392,311**	1,349,632	1,519,973
		186,325,672	119,652,047	87,437,684
Net current assets		**293,230,756**	291,759,269	300,997,309
Total assets less current liabilities		**511,715,713**	485,969,432	492,336,832
Non-current liabilities				
Deferred tax liabilities		**161,190**	165,186	2,411,225
NET ASSETS		**511,554,523**	485,804,246	489,925,607
CAPITAL AND RESERVES				
Share capital		**205,872,630**	197,092,442	196,932,442
Reserves		**305,681,893**	288,711,804	292,993,165
TOTAL EQUITY		**511,554,523**	485,804,246	489,925,607

1 BASIS OF PREPARATION

This financial information has 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 and the requirements of the Hong Kong Companies Ordinance. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities 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 Group's financial statements.

2 NEW AND REVISED HKFRSs

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two 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 consolidated financial statements:

- HKFRS 3 (revised), Business combinations

- HKAS 27 (revised), Consolidated and separate financial statements

- Improvements to HKFRSs (2009)

HKFRS 3 (revised) introduces a number of changes in the accounting for business combinations occurring since 1 January 2010. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. HKAS 27 (revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. These two revised standards were applied by the Group prospectively. As there was no transaction during the year ended 31 December 2010 in which HKFRS 3 (revised) and HKAS 27 (revised) are applicable, the adoption of these revised standards has no effect on the Group's results of operations and financial position.

The Improvements to HKFRSs (2009) consist of further amendments to existing standards, including an amendment to HKAS 17, Leases. The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. Before amendment, HKAS 17 stated that the land element of a property lease would normally be classified as an operating lease unless title to the land was expected to pass to the leasee at the end of the lease term. On adoption of the amendment, the Group has assessed its property leases in Hong Kong and the People's Republic of China (the "PRC") and has reclassified the land element of its property leases in Hong Kong from operating leases to finance leases. In addition, the amortisation of the relevant land lease premium has been reclassified to a depreciation charge. As the adoption of the amendment applies retrospectively, it has also resulted in reclassifications in prior periods. The effect of these reclassifications on the consolidated financial statements is as follows:

2 NEW AND REVISED HKFRSs (CONTINUED)

	2010	2009	2008
	HK$	*HK$*	*HK$*
Property, plant and equipment			
Increase in cost	**5,235,120**	5,235,120	5,235,120
Increase in accumulated depreciation	**1,465,832**	1,361,130	1,256,428
Increase in carrying value	**3,769,288**	3,873,990	3,978,692
Interests in leasehold land held for own use under operating leases			
Decrease in cost	**5,235,120**	5,235,120	5,235,120
Decrease in accumulated amortisation	**1,465,832**	1,361,130	1,256,428
Decrease in carrying value	**3,769,288**	3,873,990	3,978,692

	2010	2009
	HK$	HK$
Increase in depreciation charge	104,702	104,702
Decrease in amortisation of interests in leasehold land held for own use under operating leases	(104,702)	(104,702)

3 SEGMENT REPORTING

The Group is principally engaged in the manufacture and sale of electrical home appliances. 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 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

For the purposes of assessing segment performance and allocating resources between segments, 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 and tax balances. Segment liabilities included trade creditors, accrued charges and other payables, with the exception of tax balances and dividends payable, 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 other revenue and net income, and the depreciation and amortisation of assets attributable to those segments.

The measurement used for reporting segment profit 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.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

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 year is set out below.

	Electrical home appliances											
	United States		The PRC		Japan		Europe		Rest of the world		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**355,603**	278,896	**18,439**	22,010	**301,658**	323,315	**201,801**	137,603	**89,063**	55,176	**966,564**	817,000
Inter-segment revenue	**–**	–	**610,849**	486,051	**–**	–	**–**	–	**898,979**	694,035	**1,509,828**	1,180,086
Reportable segment revenue	**355,603**	278,896	**629,288**	508,061	**301,658**	323,315	**201,801**	137,603	**988,042**	749,211	**2,476,392**	1,997,086
Reportable segment profit (adjusted EBITDA)	**20,799**	11,237	**1,079**	871	**17,643**	11,260	**11,803**	5,748	**224,029**	171,272	**275,353**	200,388
Reportable segment assets	**–**	–	**431,964**	379,691	**–**	–	**–**	–	**396,133**	306,657	**828,097**	686,348
Additions to non-current segmentassets during the year	**–**	–	**46,862**	25,675	**–**	–	**–**	–	**1,238**	558	**48,100**	26,233
Reportable segment liabilities	**(247)**	(245)	**(132,487)**	(101,558)	**–**	–	**–**	–	**(191,997)**	(109,307)	**(324,731)**	(211,110)

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

	2010	2009
	HK$000	*HK$000*
Revenue		
Reportable segment revenue	**2,476,392**	1,997,086
Elimination of inter-segment revenue	**(1,509,828)**	(1,180,086)
Consolidated turnover	**966,564**	817,000

	2010	2009
	HK$000	*HK$000*
Profit		
Reportable segment profit	**275,353**	200,388
Elimination of inter-segment profits	**(218,820)**	(169,021)
Reporting segment profit derived from Group's external customers	**56,533**	31,367
Other revenue and net income	**8,141**	1,884
Depreciation and amortisation	**(27,570)**	(25,268)
Consolidated profit before taxation	**37,104**	7,983

3 SEGMENT REPORTING (CONTINUED)

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

	2010	2009
	HK$000	*HK$000*
Assets		
Reportable segment assets	**828,097**	686,348
Elimination of inter-segment receivables	**(139,797)**	(92,808)
	688,300	593,540
Tax recoverable	**1,363**	5,409
Deferred tax assets	**8,378**	6,672
Consolidated total assets	**698,041**	605,621

	2010	2009
	HK$000	*HK$000*
Liabilities		
Reportable segment liabilities	**(324,731)**	(211,110)
Elimination of inter-segment payables	**139,797**	92,808
	(184,934)	(118,302)
Dividend payable	**(1,392)**	(1,350)
Deferred tax liabilities	**(161)**	(165)
Consolidated total liabilities	**(186,487)**	(119,817)

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2010	2009
	HK$000	*HK$000*
Customer A	**309,251**	323,920
Customer B	**185,485**	162,258
Customer C	**183,942**	129,022
Customer D	**122,182**	52,829

4 TURNOVER

The principal activities of the Group are the manufacture and sale of electrical home appliances.

Turnover represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales taxes.

5 OTHER REVENUE AND NET INCOME

	2010	2009
	HK$	*HK$*
Other revenue		
Bank interest income	**1,353,831**	806,891
Rentals receivable from operating leases	**180,000**	240,000
	1,533,831	1,046,891
Other net income		
Gain on disposal of scrap materials	**1,733,069**	711,888
Net exchange gain/(loss)	**860,569**	(282,322)
Net loss on disposal of property, plant and equipment	**(930,472)**	(240,155)
Refund of contributions to defined contribution retirement plans	**2,582,754**	–
Sample sales income	**588,065**	42,162
Subsidy income	**766,054**	422,304
Sundry income	**1,007,469**	183,499
	6,607,508	837,376

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	2010	2009
	HK$	*HK$*
(a) Staff costs		
Salaries, wages and other benefits	**126,688,809**	113,543,074
Discretionary bonuses	**1,521,500**	864,310
Contributions to defined contribution retirement plans	**11,210,801**	10,724,652
Equity-settled share-based payment transactions*	**(103,699)**	3,829,634
	139,317,411	128,961,670

* For the year ended 31 December 2010, certain share options previously granted to employees were forfeited and the fair value of share options forfeited, being HK$103,699, has been written back to profit and loss. For the year ended 31 December 2009, the Group recognised the fair values of equity-settled share-based payment transactions amounting to HK$4,326,599 in profit and loss, of which HK$3,829,634 was included in staff costs as the share options were granted to the Group's employees (including the directors).

	2010	2009
	HK$	*HK$*
		(Restated)
(b) Other items		
Cost of inventories sold#	**868,858,517**	736,364,949
Amortisation of interests in leasehold land held for own use under operating leases	**394,102**	383,438
Depreciation	**27,175,704**	24,884,277
Auditors' remuneration	**842,000**	805,000
Product development costs	**698,657**	408,237
Loss on write-off of property, plant and equipment	**1,175,283**	–

Cost of inventories includes HK$141,695,986 (2009: HK$117,946,061) relating to staff costs, depreciation and loss on write-off of property, plant and equipment, which amounts are 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

Taxation in the consolidated income statement represents:

	2010	2009
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,381,738**	105,055
Under-provision in respect of prior years	**–**	1,702,900
	3,381,738	1,807,955
Current tax – PRC Enterprise Income Tax		
Provision for the year	**5,453,222**	1,358,988
Under-provision in respect of prior years	**14,062**	3,093
	5,467,284	1,362,081
Deferred tax		
Origination and reversal of temporary differences	**(1,537,011)**	(1,206,212)
Over-provision in respect of prior years	**–**	(1,941,195)
	(1,537,011)	(3,147,407)
Income tax expense	**7,312,011**	22,629

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year.

(ii) Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rate of taxation ruling at the relevant tax jurisdictions.

Two subsidiaries in the PRC have been entitled to preferential tax treatments in the PRC. Upon the implementation of the Enterprise Income Tax Law of the PRC on 1 January 2008, a five-year transitional period had been granted to entities that previously enjoyed the preferential tax rate of 15%, over which the tax rate will gradually be increased to the standard rate of 25%. The applicable rates for these two subsidiaries in the PRC for 2010 are 22% and 22% (2009: 10% and 20%) respectively.

The change in the carrying amount of the deferred tax assets and liabilities, as a result of the change in tax rate, is recognised in the consolidated income statement.

8 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2010	2009
	HK$	*HK$*
Interim dividend declared and paid of 2 HK cents per ordinary share (2009: Nil HK cents per ordinary share)	**8,166,129**	–
Final dividend proposed after the balance sheet date of 4 HK cents per ordinary share (2009: 4 HK cents per ordinary share)	**16,469,810**	15,767,395
	24,635,939	15,767,395

The final dividend proposed after the balance sheet date has not been recognised in liabilities at the balance sheet date.

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

	2010	2009
	HK$	*HK$*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2009: 5 HK cents per ordinary share)	**16,329,458**	19,693,244

9 EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$29,791,743 (2009: HK$7,960,264) and the weighted average number of 403,893,202 (2009: 393,882,857) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at 1 January	**394,184,884**	393,864,884
Effect of share options exercised	**9,708,318**	17,973
Weighted average number of ordinary shares at 31 December	**403,893,202**	393,882,857

9 EARNINGS PER SHARE (CONTINUED)

(b) The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$29,791,743 (2009: HK$7,960,264) and the weighted average number of 411,035,999 (2009: 394,663,198) ordinary shares, calculated as:

Weighted average number of ordinary shares (diluted)

	2010	2009
Weighted average number of ordinary shares at 31 December	**403,893,202**	393,882,857
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**7,142,797**	780,341
Weighted average number or ordinary shares (diluted) at 31 December	**411,035,999**	394,663,198

10 TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$	*HK$*
Trade debtors	**170,034,253**	120,654,173
Other debtors	**8,427,796**	5,956,933
Deposits and prepayments	**13,043,344**	6,431,343
	191,505,393	133,042,449

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

(a) Ageing analysis

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

	2010	2009
	HK$	*HK$*
Current	**125,921,159**	105,732,467
Less than one month past due	**38,533,957**	9,183,315
1 to 3 months past due	**5,363,793**	4,120,383
More than 3 months but less than 12 months past due	**215,344**	1,618,008
Amounts past due	**44,113,094**	14,921,706
	170,034,253	120,654,173

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 30 to 90 days from the date of billing.

11 TRADE AND OTHER PAYABLES

	2010	2009
	HK$	*HK$*
Trade creditors	**141,854,188**	84,174,595
Accrued charges and other payables	**43,079,173**	34,127,820
	184,933,361	118,302,415

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

	2010	2009
	HK$	*HK$*
Due within 1 month or on demand	**131,263,153**	81,688,175
Due after 1 month but within 3 months	**9,848,378**	1,764,805
Due after 3 months but within 12 months	**547,948**	526,906
Due after 12 months	**194,709**	194,709
	141,854,188	84,174,595

OPERATION RESULTS

During the year of 2010, there were more consolidation in the manufacturing industry in Hong Kong and the PRC as overseas brands placed more emphasis on manufacturers' sustainability. Consequently, new original equipment manufacturer ("OEM") business opportunities arise for established and financially stable manufacturers. Being benefited from this new trend, our export OEM business sales has experienced stable growth.

For the year end December 31, 2010, the Group has net profit of HK$29,791,743, as compared to HK$7,960,264 in the previous year. Operating profit before changes in working capital was positive, and cash generated from operations was HK$47,726,127. Our cash and cash equivalents balance at the end of 2010 was HK$161,273,936 (Our cash and cash equivalents balance at the beginning of the year was HK$175,402,884 and dividend paid out during the year was HK$24,495,587). The positive operating cash flow and substantial cash balance allow the Group to expand its business and continue to pay out satisfactory amount of dividend at the same time.

In 2010 the Group had held closing meeting with all creditors of the cigarette paper business and completed the liquidation process. The Group management can now focus on its core business of small electrical appliances as it exited the cigarette paper business.

For the financial year ended 31 December 2010, the Group's consolidated turnover was HK$966,563,582 as compared with HK$817,000,353 in the previous year, representing an increase of 18% in turnover.

The Group's net profit was HK$29,791,743 representing earnings per share of 7.38 HK cents (2009: net profit was HK$7,960,264 and earnings per share was 2.02 HK cents).

CORPORATE SOCIAL RESPONSIBILITIES AND COMMITMENT

To uphold the Group's vision and endeavor to groom young talents for the manufacturing industry, the Group continues to participate with the Hong Kong Polytechnic University in the "Teaching Company Scheme" under the University–Industry Collaboration Programme of the Innovation and Technology Fund. Fresh graduates qualified for this program will be employed to work at our manufacturing sites for research projects until they complete their master's degrees. All these efforts aim at providing our next generation of engineering professionals with a better understanding, incentives, encouragement and the necessary foundation to build a successful professional career in the manufacturing industry.

DIVIDEND

The Board recommended the payment of a final dividend of 4 HK cents, making a total payout of 6 HK cents per share for 2010 (2009: total of 4 HK cents per share), which is subject to shareholders' approval at the upcoming annual general meeting. The total amount of dividend appropriated, based on the number of shares in issue, is HK$24,635,939 (The total amount of dividend paid in 2009 was HK$15,767,395).

The book of transfers and register of member will be closed from 23 May 2011 to 26 May 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, lodging of all transfers accompanied by the relevant share certificates must not be later than 4:30 p.m. on 20 May 2011 with the Company's share registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The final dividend is payable on or about 8 June 2011 to members whose names appear on the register of members of the Company on 26 May 2011.

FINANCIAL POSITION

The liquidity position of the Group remains sound. Its current ratio was 2.57 as of 31 December 2010, as compared with 3.43 as of 31 December 2009.

During the year, the Group's accounts receivables turnover stood at 64 days in year 2010, as compared with 54 days in the previous year. The inventory turnover increased from 48 days in year 2009 to 53 days in year 2010.

Bank balances and cash were HK$161,273,936 as of 31 December 2010 (2009: HK$175,402,884), representing a decrease of HK$14,128,948 as compared with the previous year, mainly due to purchase of new production equipments and dividends payout for this year.

There are no bank borrowings as of 31 December 2010, and the Group's debt to equity ratio was 36% as of 31 December 2010 (2009: 24%).

The Group had no contingent liabilities as of 31 December 2010 (2009: Nil).

As of 31 December 2010, the Group had commitments for capital contribution to subsidiaries (authorised but not contracted for) of HK$0 (2009: HK$46,500,000).

CHARGES ON ASSETS

The Group has no charges on assets as of 31 December 2010 (2009: Nil).

FUTURE PROSPECTS

During 2010, the Group developed and successfully launched more new beauty/grooming products, including a new line of lady shavers. During the same period, the Group has begun cooperation with a new Asian customer to develop new air purification and water purification product lines. We expect to launch various new air and water purification products during the first half of 2011. If production and market feedback of these new product lines are positive, we will dedicate more resources to develop these new product lines in the next few years.

In 2009, we began to adopt a target costing strategy for all new products under which we define target for new product lines, market size and market share, and then developed a profit plan for the new product lines. This represents a shift from cost-plus pricing model to a market-based pricing model in order to capture more market shares with major customers. This strategy has performed well in 2010 and we will continue to use similar strategies to expand our market shares.

In 2010, we spent more resources and time on building a sustainable program with emphasis on improvement of the developing process and continuous improvement process in order to enhance efficiency, effectiveness and adaptability. At the same time, we put equal emphasis on creating a better community and environment for the future generation by minimizing wastage and emission of harmful substances during the manufacturing process. Our commitment to exit the tobacco paper business and our focus on developing environmentally friendly air and water purification new products as well as new products for beauty/grooming and quality lifestyle will hopefully not only bring profits to our shareholders, but also a better environment and positive changes to our society in the foreseeable future.

In anticipation of the sales growth over the next few years with continuous new product launch, our Group again spent over HK$45 million on acquisition of new production equipment in 2010. We will continue to upgrade our manufacturing processes in 2011. Our management has already started to search for new manufacturing site suitable for future expansion, as we expect our current manufacturing plant at Nansha, PanYu will reach its full production capacity within the next 3 to 5 years. We will complete our new production site evaluation and will make a decision on the selection of new manufacturing site as soon as possible.

STAFF

The Group currently employs approximately 36 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme and defined contribution pension scheme. Our factory in the PRC employs about 450 staff members, and workers employed directly or indirectly range from around 3,000 to 4,000 persons during the year. Remuneration is determined by reference to their qualifications, experience and performance.

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 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 retirement by rotation.

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. The Company has also received the annual confirmation of independence from each independent non-executive director and has grounds to believe that independent non-executive director continues to be independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the standard of the Company's corporate governance practices is not lower than those required in the CG Code.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules 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 Model 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, namely Mr. Wong, John Ying Man and Mr. Wong, Raymond Man Hin, and three Independent Non-Executive Directors, namely 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 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 external and internal audit, internal controls and risk evaluation. The Audit Committee comprises all Independent Non-Executive Directors. Two meetings were held during the current financial year.

The Audit Committee has reviewed 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 31 December 2010.

NOMINATION COMMITTEE

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

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 31 December 2010 will be despatched to shareholders of the Company and available on the above websites in due course.

ANNUAL GENERAL MEETING

The annual general meeting (the "Annual General Meeting") of the Company for the year ended 31 December 2010 will be held at Academy Room, Inter-Continental Grand Stanford Hong Kong, No. 70 Mody Road, Tsimshatsui East, Kowloon, on 26 May 2011 (Thursday) 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.

By Order of the Board
Raymond Industrial Limited
Wong, Wilson Kin Lae
Chairman

Hong Kong, 30 March 2011

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
Mr. Mok, Kin Hing

Non-Executive Directors:
Dr. Wong, Philip Kin Hang, *GBS, JP, LLD, DH*
Mr. Xiong, Zhengfeng
Ms. Li, Yinghong

Independent Non-ExecutiveDirectors:
Mr. Leung, Michael Kai Hung
Mr. Fan, Anthony Ren Da
Mr. Ng, Yiu Ming

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