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 2011

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 (together the "Group") for the year ended 31 December 2011, together with comparative figures for last year as follows:

Consolidated Income Statement
(Expressed in Hong Kong dollars)

	Note	**2011** **HK$**	2010 *HK$*
Turnover	*4*	**1,175,520,127**	966,563,582
Cost of sales		**(1,072,173,832)**	(868,858,517)
Gross profit		**103,346,295**	97,705,065
Other revenue	*5*	**1,774,960**	1,533,831
Other net income	*5*	**6,960,016**	6,607,508
Selling expenses		**(23,051,153)**	(16,071,445)
General and administrative expenses		**(64,774,540)**	(52,671,205)
Profit before taxation	*6*	**24,255,578**	37,103,754
Income tax expense	*7*	**(6,095,554)**	(7,312,011)
Profit for the year and attributable to equity shareholders of the Company		**18,160,024**	29,791,743
Earnings per share	*9*		
Basic, HK cents		**4.27**	7.38
Diluted, HK cents		**4.25**	7.25

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

	2011	2010
	HK$	*HK$*
Profit for the year	**18,160,024**	29,791,743
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**15,540,097**	8,268,694
Total comprehensive income for the year and attributable to equity shareholders of the Company	**33,700,121**	38,060,437

Consolidated Balance Sheet

(Expressed in Hong Kong dollars)

	Note	**2011**	2010
		HK$	*HK$*
Non-current assets			
Fixed assets	*10*		
– Property, plant and equipment		**222,923,885**	200,107,200
– Interests in leasehold land held for own use under operating leases		**10,076,945**	9,999,449
Deferred tax assets		**9,223,883**	8,378,308
		242,224,713	218,484,957
Current assets			
Inventories		**155,480,081**	125,414,189
Trade and other receivables	*11*	**205,732,023**	191,505,393
Tax recoverable		**4,044,968**	5,634,895
Cash and cash equivalents	*12*	**169,334,260**	161,273,936
		534,591,332	483,828,413
Current liabilities			
Trade and other payables	*13*	**239,725,930**	184,933,361
Dividends payable		**371,149**	1,392,311
Tax payable		**3,007,074**	4,271,985
		243,104,153	190,597,657
Net current assets		**291,487,179**	293,230,756
Total assets less current liabilities		**533,711,892**	511,715,713
Non-current liabilities			
Deferred tax liabilities		**207,037**	161,190
NET ASSETS		**533,504,855**	511,554,523
CAPITAL AND RESERVES			
Share capital		**216,103,630**	205,872,630
Reserves		**317,401,225**	305,681,893
TOTAL EQUITY		**533,504,855**	511,554,523

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 consolidated financial statements.

2 NEW AND REVISED HKFRSs

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

• HKAS 24 (revised), Related party disclosures
• Improvements to HKFRSs (2010)

HKAS 24 (revised) simplifies the definition of "related party" and removes inconsistencies, which emphasises a symmetrical view of related party transactions. The revised standard also provides limited relief from disclosure of information by government-related entities in respect of transactions with the government to which the group is related, or transactions with other entities related to the same government. These amendments have had no material impact on the Group's consolidated financial statements.

Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the Group's financial instruments in these consolidated financial statements.

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 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

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 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 2011 HK$'000	**The PRC 2011 HK$'000**	**Japan 2011 HK$'000**	**Europe 2011 HK$'000**	**Rest of the world 2011 HK$'000**	**Total 2011 HK$'000**
Revenue from external customers	**387,034**	**18,715**	**407,097**	**230,705**	**131,969**	**1,175,520**
Inter-segment revenue	**-**	**760,887**	**-**	**-**	**1,147,861**	**1,908,748**
Reportable segment revenue	**387,034**	**779,602**	**407,097**	**230,705**	**1,279,830**	**3,084,268**
Reportable segment profit (adjusted EBITDA)	**15,991**	**774**	**16,820**	**9,532**	**284,635**	**327,752**
Reportable segment assets	**-**	**496,642**	**-**	**-**	**635,193**	**1,131,835**
Additional to non-current segment assets during the year	**-**	**48,024**	**-**	**-**	**588**	**48,612**
Reportable segment liabilities	**(247)**	**(186,153)**	**-**	**-**	**(190,311)**	**(376,711)**

	Electrical home appliances					
	United States 2010 HK$'000	The PRC 2010 HK$'000	Japan 2010 HK$'000	Europe 2010 HK$'000	Rest of the world 2010 HK$'000	Total 2010 HK$'000
Revenue from external customers	355,603	18,439	301,658	201,801	89,063	966,564
Inter-segment revenue	-	610,849	-	-	898,979	1,509,828
Reportable segment revenue	355,603	629,288	301,658	201,801	988,042	2,476,392
Reportable segment profit (adjusted EBITDA)	20,799	1,079	17,643	11,803	224,029	275,353
Reportable segment assets	-	431,964	-	-	396,133	828,097
Additional to non-current segment assets during the year	-	46,862	-	-	1,238	48,100
Reportable segment liabilities	(247)	(132,487)	-	-	(191,997)	(324,731)

3 SEGMENT REPORTING (CONTINUED)

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

	2011	2010
	HK$000	*HK$000*
Revenue		
Reportable segment revenue	**3,084,268**	2,476,392
Elimination of inter-segment revenue	**(1,908,748)**	(1,509,828)
Consolidated turnover	**1,175,520**	966,564

	2011	2010
	HK$000	*HK$000*
Profit		
Reportable segment profit	**327,752**	275,353
Elimination of inter-segment profits	**(279,181)**	(218,820)
Reporting segment profit derived from Group's external customers	**48,571**	56,533
Other revenue and net income	**8,735**	8,141
Depreciation and amortisation	**(33,050)**	(27,570)
Consolidated profit before taxation	**24,256**	37,104

	2011	2010
	HK$000	*HK$000*
Assets		
Reportable segment assets	**1,131,835**	828,097
Elimination of inter-segment receivables	**(368,288)**	(139,797)
	763,547	688,300
Tax recoverable	**4,045**	5,635
Deferred tax assets	**9,224**	8,378
Consolidated total assets	**776,816**	702,313

	2011	2010
	HK$000	*HK$000*
Liabilities		
Reportable segment liabilities	**(376,711)**	(324,731)
Elimination of inter-segment payables	**136,985**	139,797
	(239,726)	(184,934)
Dividend payable	**(371)**	(1,392)
Tax payable	**(3,007)**	(4,272)
Deferred tax liabilities	**(207)**	(161)
Consolidated total liabilities	**(243,311)**	(190,759)

3 SEGMENT REPORTING (CONTINUED)

(c) Major customers

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

	2011	2010
	HK$000	*HK$000*
Customer A	**416,756**	309,251
Customer B	**267,357**	185,485
Customer C	**168,004**	183,942
Customer D	**166,565**	122,182

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

	2011	2010
	HK$	*HK$*
Other revenue		
Bank interest income	**1,774,960**	1,353,831
Rentals receivable from operating leases	**-**	180,000
	1,774,960	1,533,831
Other net income		
Gain on disposal of scrap materials	**2,400,552**	1,733,069
Net exchange gain	**4,090,628**	860,569
Net loss on disposal of property, plant and equipment	**(1,738,046)**	(930,472)
Refund of contributions to defined contribution retirement plans	**-**	2,582,754
Sample sales income	**808,014**	588,065
Subsidy income	**721,205**	766,054
Sundry income	**677,663**	1,007,469
	6,960,016	6,607,508

6 PROFIT BEFORE TAXATION

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

	2011	2010
	HK$	*HK$*
(a) Staff costs		
Salaries, wages and other benefits	**164,861,245**	126,688,809
Discretionary bonuses	**1,345,000**	1,521,500
Contributions to defined contribution retirement plans	**19,907,517**	11,210,801
Equity-settled share-based payment transactions*	**(163,774)**	(103,699)
	185,949,988	139,317,411

* Certain share options previously granted to employees were forfeited and the fair value of share options forfeited was reclassifies from capital reserve to profit and loss.

	2011	2010
	HK$	*HK$*
(b) Other items		
Cost of inventories sold#	**1,072,173,832**	868,858,517
Amortisation of interests in leasehold land held for own use under operation leases	**413,457**	394,102
Depreciation	**32,636,373**	27,175,704
Auditors' remuneration	**835,000**	842,000
Product development costs	**892,393**	698,657
Loss on write-off of property, plant and equipment	**-**	1,175,283

\# Cost of inventories includes HK$185,588,302 (2010: HK$141,695,986) 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:

	2011	2010
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**1,676,547**	3,381,738
Current tax – PRC Enterprise Income Tax		
Provision for the year	**4,825,757**	5,453,222
Under-provision in respect of prior years	**211**	14,062
	4,825,968	5,467,284
Deferred tax		
Origination and reversal of temporary differences	**(406,961)**	(1,537,011)
Income tax expense	**6,095,554**	7,312,011

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 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 2011 is 24% (2010: 22%).

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

	2011	2010
	HK$	*HK$*
Interim dividend declared and paid of 2 HK cents per ordinary share (2010: 2 HK cents per ordinary share)	**8,644,145**	8,166,129
Final dividend proposed after the balance sheet date of 4 HK cents per ordinary share (2010: 4 HK cents per ordinary share)	**17,288,290**	16,469,810
	25,932,435	24,635,939

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

	2011	2010
	HK$	*HK$*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2010:4 HK cents per ordinary share)	**17,037,490**	16,329,458

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$18,160,024 (2010: HK$29,791,743) and the weighted average number of 425,124,455 (2010: 403,893,202) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares at 1 January	**411,745,260**	394,184,884
Effect of share options exercised	**13,379,195**	9,708,318
Weighted average number of ordinary shares at 31 December	**425,124,455**	403,893,202

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$18,160,024 (2010: HK$29,791,743) and the weighted average number of 427,691,266 (2010: 411,035,999) ordinary shares, calculated as:

Weighted average number of ordinary shares (diluted)

	2011	2010
Weighted average number of ordinary shares at 31 December	**425,124,455**	403,893,202
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**2,566,811**	7,142,797
Weighted average number of ordinary shares (diluted) at 31 December	**427,691,266**	411,035,999

10 FIXED ASSETS

	Property, plant and equipment	Interests in leasehold land held for own use under operating leases	Total fixed assets
	HK$	HK$	HK$
Cost:			
At 1 January 2010	405,223,535	15,384,583	420,608,118
Exchange adjustments	8,967,077	427,873	9,394,950
Additions	48,099,527	-	48,099,527
Disposals/write off	(15,399,260)	-	(15,399,260)
At 31 December 2010	446,890,879	15,812,456	462,703,335
At 1 January 2011	446,890,879	15,812,456	462,703,335
Exchange adjustments	17,833,835	776,360	18,610,195
Additions	48,612,045	-	48,612,045
Disposals	(13,430,401)	-	(13,430,401)
At 31 December 2011	499,906,358	16,588,816	516,495,174
Accumulated amortisation and depreciation:			
At 1 January 2010	227,798,141	5,272,273	233,070,414
Exchange adjustments	4,648,636	146,632	4,795,268
Charges for the year	27,175,704	394,102	27,569,806
Written back on disposals/write off	(12,838,802)	-	(12,838,802)
At 31 December 2010	246,783,679	5,813,007	252,596,686
At 1 January 2011	246,783,679	5,813,007	252,596,686
Exchange adjustments	8,913,224	285,407	9,198,631
Charges for the year	32,636,373	413,457	33,049,830
Disposals	(11,350,803)	-	(11,350,803)
At 31 December 2011	276,982,473	6,511,871	283,494,344
Carrying value:			
At 31 December 2011	222,923,885	10,076,945	233,000,830
At 31 December 2010	200,107,200	9,999,449	210,106,649

11 TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$	*HK$*
Trade debtors	**180,717,571**	170,034,253
Other debtors	**11,032,297**	8,427,796
Deposits and prepayments	**13,982,155**	13,043,344
	205,732,023	191,505,393

All of the trade and other receivables, apart from certain deposits amounting to HK$2,491,273 (2010: HK$2,783,148), 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:

	2011	2010
	HK$	*HK$*
Current	**161,292,188**	125,921,159
Less than one month past due	**16,699,286**	38,533,957
1 to 3 months past due	**1,751,892**	5,363,793
More than 3 months but less than 12 months past due	**960,335**	215,344
More than 12 months past due	**13,870**	-
Amounts past due	**19,425,383**	44,113,094
	180,717,571	170,034,253

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 customer 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.

12 CASH AND CASH EQUIVALENTS

	2011	2010
	HK$	*HK$*
Bank deposits	**23,261,756**	46,514,921
Cash at bank and in hand	**146,072,504**	114,759,015
	169,334,260	161,273,936

13 TRADE AND OTHER PAYABLES

	2011	2010
	HK$	*HK$*
Trade creditors	**191,170,540**	141,854,188
Accrued charges and other payables	**48,555,390**	43,079,173
	239,725,930	184,933,361

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:

	2011	2010
	HK$	*HK$*
Due within 1 month or on demand	**188,354,243**	131,263,153
Due after 1 month but within 3 months	**2,116,506**	9,848,378
Due after 3 months but within 12 months	**505,082**	547,948
Due after 12 months	**194,709**	194,709
	191,170,540	141,854,188

OPERATION RESULTS

During the year of 2011, Hong Kong manufacturers operating in China faced stiff competition from Mainland manufacturers in procurement of raw materials and attracting enough labour. The pool of skilled labour shrinked in Guangdong province as many of the non-Guangdong province workers chose to stay in their home provinces. Because of the shortage of labour, manufacturers had no choice but to pay higher wages and more overtime, and the higher labour costs affected the Group's profitability.

For the financial year ended 31 December 2011, the Group's consolidated turnover was HK$1,175,520,127, an increase of 21.6% compared with the same period in the previous year. However, the Group only achieved a net profit of HK$18,160,024, which was lower than the net profit of 29,791,743 for the year 2010. Operating profit before changes in working capital was still positive despite lower profitability, and cash generated from operations was approximately HK$69,213,852. Our cash and cash equivalents balance at the end of 2011 was HK$169,334,260 (with HK$25,681,635 dividend paid out during the year) compared with HK$161,273,936 at the beginning of the year. The positive operating cash flow and substantial cash balance allow the Group to continue to pay satisfactory dividend.

In 2011, the Group had invested HK$48,612,045 in setting up new production lines for new products, and purchasing more injection molding machines to cope with the growth in sales. The Group expects the investment in equipments and machineries to be lessen in 2012 as the management re-examines the profitability of each product line and plans to close the unprofitable ones.

For the financial year ended 31 December 2011, the Group's consolidated turnover was HK$1,175,520,127 compared with HK$966,563,582 in the previous year, representing a increase of 21.6% in turnover.

The Group's net profit was HK$18,160,024, representing earnings per share of 4.27 HK cents (our net profit in 2010 was HK$29,791,743, with earnings per share of 7.38 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.

In 2011, Senior Management of the Group gave several lectures at Hong Kong Polytechnic University and intended to continue this practice of sharing manufacturing knowledge and experience with engineering students in the coming years.

DIVIDEND

The Board of the Company has proposed the payment of a final dividend of HK$4 cents per ordinary share for the year ended 31 December 2011. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 12 June 2012 to the shareholders whose names appear on the register of members of the Company on 4 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods :

(1) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on 25 May 2012 ("2012 AGM"), the Register of Members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012, both days inclusive. In order to qualify for attending and voting at the 2012 AGM, all transfer documents should be lodged for registration with Company's share registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 22 May 2012.

(2) For the purpose of determining shareholders who qualify for the final dividend, the Register of Members of the Company will be closed on Thursday, 31 May 2012 to Monday, 4 June 2012, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with Company's share registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2012.

FINANCIAL POSITION

The liquidity position of the Group remains sound. Its current ratio was 2.20 as of 31 December 2011, compared with 2.57 as of 31 December 2010.

During the year 2011, the Group's trade receivables turnover stood at 56 days, compared with 64 days in 2010. The inventory turnover in year 2011 is 53 days, same as year 2010.

Bank balances and cash were HK$169,334,260 as of 31 December 2011 (2010: HK$161,273,936), representing an increase of HK$8,060,324 over that of the previous year, mainly due to positive cash generated from operations.

There were no bank borrowings as of 31 December 2011, and the Group's debt to equity ratio was 45% as of 31 December 2011 (2010: 36%).

The Group had no contingent liabilities as of 31 December 2011 (2010 : Nil).

CHARGES ON ASSETS

The Group had no charges on assets as of 31 December 2011 (2010: Nil).

FUTURE PROSPECTS

The Group is cautiously optimistic about the operations and performance in the 2012 financial year. The Group continues to launch new innovative and better quality products in an uncertain market environment. The Group will shift its strategy to focus on increasing market share in Japan, Korea and Mainland China to counter the market weakness and risks in Europe and United States.

During 2011, the Group co-developed and successfully launched more than 8 series of new air purifiers/water purifiers and 2 series of new fan products. Because of the higher than expected one time set up charges for these new products, the additional expenses affected our results in 2011. However, we expect to reap the rewards from these new products as sales quantity will increase in 2012, and we can achieve better production efficiency with higher sales volume.

In 2011, the Group's management noticed the shortage of labour led to significant increase in direct labour costs. To counter the continuous increase, the Group will invest more in semi-automations in 2012 so that some of the critical processes will be less dependent on the recruitment of labour. With more semi-automated processing, the Group hopes to be able to control direct labour costs more effectively in 2012.

In 2011, we completed our Sustainability program with major emphasis on developing process improvement to enhance better efficiency, effectiveness and adaptability, at the same time placing equal emphasis on creating a better environment for the future generation by minimizing wastage and emission of harmful substances during manufacturing process . Our commitment to focus on developing environmentally friendly air and water purification new products lead us to explore new opportunities in the fast growing environmental related industries, especially in emerging markets such as China and India.

STAFF

The Group currently employs approximately 36 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme and contribution pension scheme. Our factory in the PRC employs about 500 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 year, 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 an exeception of 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 the Board believes that independent non-executive director continues to be independent. 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 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 (the "**Model Code**"). Having made specific equires to 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 describes the authority and duties of the Audit Committee was 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's 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 2011.

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 (Chairman).

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 2011 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 Academy Room, Inter-Continental Grand Stanford Hong Kong, No. 70 Mody Road, Tsimshatsui East, Kowloon, on 25 May 2012 (Friday) 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
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)

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 30 March 2012