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 2013

The Board (the "**Board**") of Directors (the "**Directors**") 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 2013, together with comparative figures for last year as follows:

**Consolidated Income Statement**
*(Expressed in Hong Kong dollars)*

| | *Note* | **2013** ***HK$*** | 2012 *HK$* |
|---|---|---|---|
| **Turnover** | *3* | **1,182,806,329** | 1,278,078,943 |
| Cost of sales | | **(1,042,827,550)** | (1,127,016,376) |
| **Gross profit** | | **139,978,779** | 151,062,567 |
| Other revenue | *4* | **1,317,881** | 1,215,510 |
| Other net loss | *4* | **(7,308,755)** | (1,584,789) |
| Selling expenses | | **(16,654,609)** | (18,093,487) |
| General and administrative expenses | | **(72,610,119)** | (72,610,353) |
| **Profit before taxation** | *5* | **44,723,177** | 59,989,448 |
| Income tax | *6* | **(11,718,573)** | (12,988,212) |
| **Profit for the year and attributable to equity shareholders of the Company** | | **33,004,604** | 47,001,236 |
| **Earnings per share** | *8* | | |
| Basic, HK cents | | **7.27** | 10.87 |
| Diluted, HK cents | | **7.16** | 10.80 |

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Profit for the year** | **33,004,604** | 47,001,236 |
| **Other comprehensive income for the year:** | | |
| Item that may be reclassified subsequently to profit or loss: | | |
| – Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax | **11,580,747** | (247,783) |
| **Total comprehensive income for the year and attributable to equity shareholders of the Company** | **44,585,351** | 46,753,453 |

**Consolidated Balance Sheet**
*(Expressed in Hong Kong dollars)*

| | Note | **2013** *HK$* | 2012 *HK$* |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | *9* | | |
| – Property, plant and equipment | | **196,863,595** | 210,526,589 |
| – Interests in leasehold land held for own use under operating leases | | **9,538,150** | 9,658,012 |
| Deferred tax assets | | **7,987,301** | 8,995,749 |
| | | **214,389,046** | 229,180,350 |
| **Current assets** | | | |
| Inventories | | **144,812,849** | 125,047,813 |
| Trade and other receivables | *10* | **213,706,202** | 273,613,609 |
| Tax recoverable | | **1,845,235** | - |
| Cash and cash equivalents | *11* | **223,736,803** | 149,241,346 |
| | | **584,101,089** | 547,902,768 |
| **Current liabilities** | | | |
| Trade and other payables | *12* | **195,697,660** | 205,674,956 |
| Dividends payable | | **144,983** | 167,502 |
| Tax payable | | **6,940,042** | 12,275,212 |
| | | **202,782,685** | 218,117,670 |
| **Net current assets** | | **381,318,404** | 329,785,098 |
| **Total assets less current liabilities** | | **595,707,450** | 558,965,448 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **182,322** | 193,033 |
| **NET ASSETS** | | **595,525,128** | 558,772,415 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **233,389,630** | 216,487,130 |
| Reserves | | **362,135,498** | 342,285,285 |
| **TOTAL EQUITY** | | **595,525,128** | 558,772,415 |

## 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 a number of new HKFRSs and amendments to HKFRSs 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:

- Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 12, Disclosure of interests in other entities
- HKFRS 13, Fair value measurement
- Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities
- Annual improvements to HKFRSs 2009-2011 cycle

The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

The adoption of other revisions, amendments and new HKFRSs has had no effect on the Group's consolidated financial statements.

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

## 2 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, the 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 include all tangible assets and current assets with the exception of tax balances. Segment liabilities include 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 loss, 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.

## 2 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 | | | | | |
|---|---|---|---|---|---|---|
| | **The United States 2013** *HK$'000* | **The PRC 2013** *HK$'000* | **Japan 2013** *HK$'000* | **Europe 2013** *HK$'000* | **Rest of the world 2013** *HK$'000* | **Total 2013** *HK$'000* |
| Revenue from external customers | **361,119** | **92,000** | **266,957** | **328,698** | **134,032** | **1,182,806** |
| Inter-segment revenue | **-** | **653,217** | **-** | **-** | **1,040,594** | **1,693,811** |
| **Reportable segment revenue** | **361,119** | **745,217** | **266,957** | **328,698** | **1,174,626** | **2,876,617** |
| **Reportable segment profit (adjusted EBITDA)** | **27,214** | **6,933** | **20,118** | **24,770** | **89,497** | **168,532** |
| **Reportable segment assets** | **-** | **480,364** | **-** | **-** | **485,817** | **966,181** |
| Additions to non-current segment assets during the year | **-** | **18,617** | **-** | **-** | **-** | **18,617** |
| **Reportable segment liabilities** | **(195)** | **(140,210)** | **-** | **-** | **(232,824)** | **(373,229)** |

## 2 SEGMENT REPORTING (CONTINUED)

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

| | Electrical home appliances | | | | | |
|---|---|---|---|---|---|---|
| | The United States 2012 *HK$'000* | The PRC 2012 *HK$'000* | Japan 2012 *HK$'000* | Europe 2012 *HK$'000* | Rest of the world 2012 *HK$'000* | Total 2012 *HK$'000* |
| Revenue from external customers | 396,228 | 44,748 | 400,774 | 302,931 | 133,398 | 1,278,079 |
| Inter-segment revenue | - | 764,370 | - | - | 1,182,695 | 1,947,065 |
| **Reportable segment revenue** | 396,228 | 809,118 | 400,774 | 302,931 | 1,316,093 | 3,225,144 |
| **Reportable segment profit (adjusted EBITDA)** | 29,851 | 3,371 | 30,193 | 22,822 | 95,391 | 181,628 |
| **Reportable segment assets** | - | 458,983 | - | - | 462,183 | 921,166 |
| Additions to non-current segment assets during the year | - | 23,672 | - | - | 458 | 24,130 |
| **Reportable segment liabilities** | (336) | (113,294) | - | - | (245,205) | (358,835) |

## 2 SEGMENT REPORTING (CONTINUED)

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

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Revenue** | | |
| Reportable segment revenue | **2,876,617** | 3,225,144 |
| Elimination of inter-segment revenue | **(1,693,811)** | (1,947,065) |
| Consolidated turnover | **1,182,806** | 1,278,079 |

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Profit** | | |
| Reportable segment profit | **168,532** | 181,628 |
| Elimination of inter-segment profits | **(79,398)** | (85,342) |
| Reportable segment profit derived from Group's external customers | **89,134** | 96,286 |
| Other revenue and net loss | **(5,990)** | (369) |
| Depreciation and amortisation | **(38,421)** | (35,928) |
| Consolidated profit before taxation | **44,723** | 59,989 |

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Assets** | | |
| Reportable segment assets | **966,181** | 921,166 |
| Elimination of inter-segment receivables | **(177,523)** | (153,079) |
| | **788,658** | 768,087 |
| Tax recoverable | **1,845** | - |
| Deferred tax assets | **7,987** | 8,996 |
| Consolidated total assets | **798,490** | 777,083 |

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Liabilities** | | |
| Reportable segment liabilities | **(373,229)** | (358,835) |
| Elimination of inter-segment payables | **177,531** | 153,160 |
| | **(195,698)** | (205,675) |
| Dividends payable | **(145)** | (167) |
| Tax payable | **(6,940)** | (12,275) |
| Deferred tax liabilities | **(182)** | (193) |
| Consolidated total liabilities | **(202,965)** | (218,310) |

## 2 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:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A | **271,061** | 408,202 |
| Customer B | **221,980** | 192,369 |
| Customer C | **206,529** | 189,064 |
| Customer D | **183,818** | N/A# |
| Customer E | **172,119** | 245,187 |

#The corresponding revenue did not contribute 10% or more of the total revenue.

## 3 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.

## 4 OTHER REVENUE AND NET LOSS

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Other revenue** | | |
| Bank interest income | **1,317,881** | 1,215,510 |
| **Other net loss** | | |
| Gain/(loss) on disposal of scrap materials | **1,044,366** | (782,230) |
| Net exchange loss | **(8,948,163)** | (4,903,197) |
| Net loss on disposal of property, plant and equipment | **(447,922)** | (678,623) |
| Forfeiture of benefits upon termination of a provident fund scheme | **-** | 3,305,249 |
| Sample sales income | **343,024** | 633,708 |
| Subsidy income | **435,766** | 525,722 |
| Sundry income | **264,174** | 314,582 |
| | **(7,308,755)** | (1,584,789) |

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (a) Staff costs | | |
| Salaries, wages and other benefits | **175,789,905** | 159,555,148 |
| Discretionary bonuses | **1,864,000** | 2,887,000 |
| Contributions to defined contribution retirement plans | **19,856,932** | 19,868,071 |
| Equity-settled share-based payment transactions* | **30,750** | 3,551,567 |
| | **197,541,587** | 185,861,786 |

* The fair value of the share options granted during the year amounted to HK$30,750 (2012: HK$3,927,812) and was recognised in profit or loss, of which an amount of HK$30,750 (2012: HK$3,551,567) has been included in staff costs as the relevant share options were granted to the employees and directors.

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (b) Other items | | |
| Cost of inventories sold# | **1,042,827,550** | 1,127,016,376 |
| Amortisation of interests in leasehold land held for own use under operating leases | **426,329** | 413,212 |
| Depreciation | **37,994,382** | 35,514,335 |
| Auditor's remuneration | **650,000** | 635,000 |
| Product development costs | **704,021** | 434,464 |

\# Cost of inventories includes HK$198,771,242 (2012: HK$180,809,573) relating to staff costs, depreciation and loss on disposal of property, plant and equipment, which amounts are also included in the respective total amounts disclosed separately above or in notes 4 and 5(a) for each of these types of expenses.

## 6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Current tax – Hong Kong Profits Tax** | | |
| Provision for the year | **2,324,090** | 4,169,207 |
| Over-provision in respect of prior years | **(44,779)** | (1,777,554) |
| | **2,279,311** | 2,391,653 |
| **Current tax – PRC Enterprise Income Tax** | | |
| Provision for the year | **8,084,837** | 10,387,323 |
| Under-provision in respect of prior years | **121,816** | 128 |
| | **8,206,653** | 10,387,451 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **1,232,609** | 209,108 |
| Income tax expense | **11,718,573** | 12,988,212 |

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year.

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

## 7 DIVIDENDS

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Interim dividend declared and paid of 2 HK cents per ordinary share (2012: 2 HK cents per ordinary share) | **9,228,585** | 8,648,845 |
| Final dividend proposed after the balance sheet date of 4 HK cents per ordinary share (2012: 5 HK cents per ordinary share) | **18,671,170** | 21,648,713 |
| | **27,899,755** | 30,297,558 |

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Final dividend in respect of the previous financial year, approved and paid during the year, of 5 HK cents per ordinary share (2012: 4 HK cents per ordinary share) | **23,048,713** | 17,288,690 |

## 8 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$33,004,604 (2012: HK$47,001,236) and the weighted average number of 454,047,589 (2012: 432,347,194) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

| | **2013** | 2012 |
|---|---|---|
| Issued ordinary shares at 1 January | **432,974,260** | 432,207,260 |
| Effect of share options exercised | **21,073,329** | 139,934 |
| Weighted average number of ordinary shares at 31 December | **454,047,589** | 432,347,194 |

(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$33,004,604 (2012: HK$47,001,236) and the weighted average number of 461,073,816 (2012: 435,303,683) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

| | **2013** | 2012 |
|---|---|---|
| Weighted average number of ordinary shares at 31 December | **454,047,589** | 432,347,194 |
| Effect of deemed issue of shares under the Company's share option scheme for nil consideration | **7,026,227** | 2,956,489 |
| Weighted average number of ordinary shares (diluted) at 31 December | **461,073,816** | 435,303,683 |

## 9 FIXED ASSETS

| | Property, plant and equipment *HK$* | Interests in leasehold land held for own use under operating leases *HK$* | Total fixed assets *HK$* |
|---|---|---|---|
| **Cost:** | | | |
| At 1 January 2012 | 499,906,358 | 16,588,816 | 516,495,174 |
| Exchange adjustments | (236,231) | (9,419) | (245,650) |
| Additions | 24,130,477 | - | 24,130,477 |
| Disposals | (6,486,285) | - | (6,486,285) |
| At 31 December 2012 | 517,314,319 | 16,579,397 | 533,893,716 |
| At 1 January 2013 | 517,314,319 | 16,579,397 | 533,893,716 |
| Exchange adjustments | 13,759,403 | 526,096 | 14,285,499 |
| Additions | 18,616,630 | - | 18,616,630 |
| Disposals | (3,958,749) | - | (3,958,749) |
| At 31 December 2013 | 545,731,603 | 17,105,493 | 562,837,096 |
| **Accumulated amortisation and depreciation:** | | | |
| At 1 January 2012 | 276,982,473 | 6,511,871 | 283,494,344 |
| Exchange adjustments | (118,229) | (3,698) | (121,927) |
| Charge for the year | 35,514,335 | 413,212 | 35,927,547 |
| Disposals | (5,590,849) | - | (5,590,849) |
| At 31 December 2012 | 306,787,730 | 6,921,385 | 313,709,115 |
| At 1 January 2013 | 306,787,730 | 6,921,385 | 313,709,115 |
| Exchange adjustments | 7,506,859 | 219,629 | 7,726,488 |
| Charge for the year | 37,994,382 | 426,329 | 38,420,711 |
| Disposals | (3,420,963) | - | (3,420,963) |
| At 31 December 2013 | 348,868,008 | 7,567,343 | 356,435,351 |
| **Carrying value:** | | | |
| At 31 December 2013 | 196,863,595 | 9,538,150 | 206,401,745 |
| At 31 December 2012 | 210,526,589 | 9,658,012 | 220,184,601 |

## 10 TRADE AND OTHER RECEIVABLES

| | **2013** | 2012 |
|---|---:|---:|
| | ***HK$*** | *HK$* |
| Trade debtors | **192,352,650** | 254,246,605 |
| Other debtors | **15,017,481** | 14,174,440 |
| Deposits and prepayments | **6,336,071** | 5,192,564 |
| | **213,706,202** | 273,613,609 |

All of the trade and other receivables, apart from certain deposits amounting to HK$3,351,131 (2012: HK$2,284,194), are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade debtors as of the balance sheet date, based on invoice date, is as follows:

| | **2013** | 2012 |
|---|---:|---:|
| | ***HK$*** | *HK$* |
| Within 1 month | **78,813,499** | 97,131,296 |
| 1 to 3 months | **102,294,228** | 152,918,396 |
| 3 to 12 months | **10,521,691** | 2,113,417 |
| Over 12 months | **723,232** | 2,083,496 |
| | **192,352,650** | 254,246,605 |

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 120 days from the date of billing.

## 11 CASH AND CASH EQUIVALENTS

| | **2013** | 2012 |
|---|---:|---:|
| | ***HK$*** | *HK$* |
| Bank deposits | **70,094,752** | 62,458,091 |
| Cash at bank and in hand | **153,642,051** | 86,783,255 |
| | **223,736,803** | 149,241,346 |

## 12 TRADE AND OTHER PAYABLES

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Trade creditors | **150,493,079** | 159,971,577 |
| Accrued charges and other payables | **45,204,581** | 45,703,379 |
| | **195,697,660** | 205,674,956 |

All of the trade and other payables are expected to be settled within one year.

The ageing analysis of trade creditors as of the balance sheet date, based on invoice date, is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Within 1 month | **64,550,551** | 81,245,403 |
| 1 to 3 months | **72,577,612** | 69,181,877 |
| 3 to 12 months | **11,052,928** | 9,124,978 |
| Over 12 months | **2,311,988** | 419,319 |
| | **150,493,079** | 159,971,577 |

## BUSINESS REVIEW

## OPERATION RESULTS

During the financial year (FY) of 2013, the Group faced challenges in increased overtime and labour costs due to a shortage of skilled labour in Guangdong province, which affected the operation efficiency of the Group. The Group continued to invest in more semi-automation production line to reduce labour's head count; and initiated an ecological friendly cost saving "Green Program" to reduce energy consumption and to improve the Group's profitability. The Group was however unable to increase turnover and gross profits due to the increased labour and overtime costs, coupled with the depreciation of Japanese Yen and RMB appreciation, effect of which were uncertain. As a result, for FY2013, the Group's consolidated turnover decreased to HK$1,182,806,329, a decrease of 7.45% compared with the previous year. The Group's net profit amounted to HK$33,004,604 representing an decrease of 29.78%, compared with the net profit of HK$47,001,236 in FY2012. Cash generated from operations was HK$115,765,357. Cash and cash equivalents as of 31 December 2013 was HK$223,736,803 (with HK$32,299,817 of dividend paid out during FY2013) compared with HK$149,241,346 as at the beginning of FY2013. The positive operating cash flow and substantial cash balances allow the Group to continue to pay satisfactory dividend and invest more in the automation processes.

In FY2013, the Group had invested HK$18,616,630 to set up new semi-automated production lines for a series of new products, as well as purchase more robotic arms for injection moulding machines and automatic paint spraying equipment. At the same time, the management of the Group re-examined the profitability of each product and terminated some products with low profit margin.

The Group's net profit was HK$33,004,604 representing basic earnings per share of 7.27 HK cents (net profit in FY2012 was HK$47,001,236, with basic earnings per share of 10.87 HK cents).

## DIVIDEND

The Board has proposed the payment of a final dividend of 4 HK cents per ordinary share for the year ended 31 December 2013. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 11 June 2014 to the shareholders whose names appear on the register of members of the Company on 3 June 2014.

## 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 Monday, 26 May 2014 ("**2014 AGM**"), the register of members of the Company will be closed from Thursday, 22 May 2014 to Monday, 26 May 2014, both days inclusive. In order to be qualified for attending and voting at the 2014 AGM, all transfer documents should be lodged for registration with the 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, 21 May 2014.

(2) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed on Friday, 30 May 2014 to Tuesday, 3 June 2014, both days inclusive. In order to be qualified for the final dividend, all transfer documents should be lodged for registration with the 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 Thursday, 29 May 2014.

## FINANCIAL POSITION

The liquidity position of the Group remains sound. Its current ratio was 2.90 as of 31 December 2013, compared with 2.50 as of 31 December 2012.

During FY2013, the Group's trade receivables turnover stood at 59 days, compared with 73 days in FY2012. The inventory turnover in FY2013 was 51 days, compared with 40 days in FY2012.

Bank balances and cash were HK$223,736,803 as of 31 December 2013 (2012: HK$149,241,346), representing an increase of HK$74,495,457 when compared to the figures in the previous year, which was mainly due to faster collection of trade receivables.

There were no bank borrowings as of 31 December 2013, and the Group's debt to equity ratio was 33% as of 31 December 2013 (2012: 37%).

The Group had no contingent liabilities as of 31 December 2013 (2012: Nil).

**CHARGES ON ASSETS**

The Group had no charges on assets as of 31 December 2013 (2012: Nil).

**FUTURE PROSPECTS**

The Group expects to face new challenges in FY2014 as the macro environment continues to be less favourable for the original equipment manufacturer ("**OEM**") manufacturing industry. The Group will focus on investing in new technology that gives the Group the ability to produce innovative new products different from other similar products manufactured at other OEM factories. The Group expects to place even more resources to expand the Mainland China market as we continue to see weakness in Japan, USA and Europe markets in FY2013.

During FY2013, although the Group successfully launched several air purifiers, and grooming products in China and USA, this effort was offset by the weak demand from and the significant decrease in turnover of the Japanese market because of approximately 30% depreciation of Japanese Yen. The Group will formulate a new strategy in FY2014 to improve our turnover and profit.

In anticipation of the sales growth over the next few years with continuous new product launch, our Group invested over HK$18,616,630 in new production equipment in FY2013. We will continue to upgrade our manufacturing processes in FY2014 by investing in new moulding machines and related processes.

**CORPORATE SOCIAL RESPONSIBILITIES AND COMMITMENT**

**WORKPLACE QUALITY**

The Group focused on 4 areas to enhance good workplace quality:

(i) Working conditions: The Group's labour policies were in full compliance with Mainland China labour laws and Hong Kong labour laws applicable in corresponding locations. The working hours, benefits and welfares of all staff and workers were also in compliance with local labour laws and fulfilled working conditions requirement from major customers and US/European retail stores who conducted regular audits throughout the year by 3rd parties such as ITS and SGS.

(ii) Health and Safety: The Group was in compliance with Mainland China labour laws and Hong Kong labour laws applicable in corresponding locations. Work injuries and key occupational health and safety Key Performance Indicators (" **KPIs**") were illustrated in the chart below:

| | FY 2013 | FY 2012 | FY 2013 vs FY 2012 (%) |
|---|---|---|---|
| Number of work injuries | 27 | 64 | -57.81% |
| Medical Expenses due to work injuries (HKD) | 46,895.87 | 140,190.55 | -66.55% |

The management of the Group was encouraged to see a safer work place evidenced by fewer work injuries and lower medical expenses in FY2013. The Group will continue to procure more components involving hazardous production processes from third party suppliers in FY2014 to further reduce the number of work related injuries.

(iii) Development and Training: The Group provided updated training on the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for directors and senior executives. The Group also provided training for middle management, regular employees and production line workers and corresponding key Development and Training KPIs are illustrated in the chart below:

| | No. of Employees | Average Training Hours per Employee (hrs) |
|---|---|---|
| Middle management | 497 | 15 |
| Regular employees | 508 | 30 |
| Production line workers | 2,218 | 69 |

(iv) Labour Standard: The Group adopted a recruitment policy that prevented the hiring of child labour and forced labour. The Group also encouraged its workers to form labour unions. A labour union was formed at our Nansha, Panyu factory and union representatives held regular meetings throughout the year to communicate issues that could improve workers' morale, upgrade the living quarters and working environment, and report workers/management disputes to the Group's senior management.

**ENVIRONMENTAL PERFORMANCE**

The Group focused on aspects that would enhance environmental protection and adopted policies that would lower $CO_2$ emissions during the manufacturing processes, minimize excessive use of resources such as electricity, diesel, water and paper.

(i) $CO_2$ emissions: The chart below illustrated the type of emissions and respective emission data. The Group will continue to strive for measures to lower $CO_2$ emissions.

| | FY 2013 | FY 2012 | FY 2013 vs FY 2012 (%) |
|---|---|---|---|
| **Electricity**<br>(kilotonnes $CO_2$) | 18.83 | 20.00 | -5.86% |
| **Oil**<br>(kilotonnes $CO_2$) | 0.40 | 0.85 | -53.51% |
| **Gas**<br>(kilotonnes $CO_2$) | 0.02 | 0.04 | -51.39% |

(ii) Use of Resources: The chart below illustrated the energy consumption by type throughout FY2013 and show comparative data with that of FY2012:

| | FY 2013 | FY 2012 | FY 2013 vs FY 2012 (%) |
|---|---|---|---|
| **Electricity** (GWh) | 23.99 | 25.48 | -5.86% |
| **Oil** (tonnes) | 124.12 | 266.97 | -53.51% |
| **Gas** (kgs) | 10,772.25 | 21,500.40 | -49.90% |

The Group was pleased with the environmental performance despite a drop in our sales in FY2013. However, since the operating team has replaced almost all of the oil & gas consuming forklifts with electrical forklifts between FY2011-FY2013, the Group does not expect significant reduction in oil & gas consumption in FY2014.

**OPERATING PRACTICES**

The Group focused on key areas to enhance management and formulate some operating best practice procedures by tightening corporate governance policies and setting guidelines for preventing staff and workers from committing frauds and engaged in illegal activities.

(i) Anti-corruption policy was straightly enforced among all management personnel and all suppliers in the Group's supply chain. The Group was not aware of any legal cases regarding corruption of the Group's management and employees. The Group also has an independent internal audit department reporting directly to the chairman of the Group's audit committee and has a whistleblowing system to notify the audit committee of any potential fraud and malpractices.

(ii) Product Safety: The Group has a policy to work closely with customers to cooperate on any recalls and safety/health related issue; and the Group has a quality system that handled customers (and related products) complaints. Root cause analysis would be conducted on each major customer complaint to avoid re-occurance of product defects.

**COMMUNITY INVOLVEMENT**

The Group focused on key areas to enhance management in order to create a better community by implementing programs that built a better society through a wide range of activities and initiatives:

(i) Encourage the use of recycled paper: The Group has begun a program to use more recycled paper in operations including printing interim & annual report booklets; and works with customers to change product instruction books to recycled paper materials.

(ii) Investment in new talents: The Group continued to sponsor programs at Hong Kong Polytechnic University and members of the Group gave guest lectures at Hong Kong Polytechnic University during FY2013.

(iii) Education involvement: members of the Group management participated in mentorship programs organized by Hong Kong JCI (Junior Chamber International) to support growth of young professionals. Members of the Group management also participated in the charity concert organized by Hong Kong Philharmonic Orchestra to raise funds for music education for less privileged families in Hong Kong.

## STAFF

The Group currently employs approximately 36 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the Mainland China employs approximately 500 staff members, and workers employed directly or indirectly ranged from 2,000 to 3,000 persons during the year. Remuneration is determined by reference to their qualifications, experiences and performances.

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 Listing Rules, with an exception of a deviation 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 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 all the independent non-executive Directors continue 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 (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries to the Directors, 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 four independent non-executive Directors, namely Mr. Leung, Michael Kai Hung (Chairman), Mr. Fan, Anthony Ren Da, Mr. Ng, Yiu Ming and Mr. Lo, Wilson Kwong Shun.

## 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 of the Company. Two meetings were held during the FY2013.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, financial report process and internal control matters. The annual results of the Group for the year ended 31 December 2013 have been reviewed by the Audit Committee.

## NOMINATION COMMITTEE

A Nomination Committee has been established in accordance with the requirements of the CG Code. The Nomination Committee comprises four independent non-executive Directors, namely Mr. Leung, Michael Kai Hung; Mr. Fan, Anthony Ren Da; Mr. Lo, Kwong Shun 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 2013 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 Inter-Continental Grand Stanford Hong Kong, No. 70 Mody Road, Tsimshatsui East, Kowloon, on Monday, 26 May 2014 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-Executive Directors:*
Mr. Leung, Michael Kai Hung
Mr. Fan, Anthony Ren Da
Mr. Ng, Yiu Ming
Mr. Lo, Wilson Kwong Shun

*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, 28 March 2014