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 2014

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 2014, together with comparative figures for last year as follows:

Consolidated Income Statement
(Expressed in Hong Kong dollars)

	Note	**2014** *HK$*	2013 *HK$*
Turnover	*3*	**1,034,874,526**	1,182,806,329
Cost of sales		**(911,917,905)**	(1,042,827,550)
Gross profit		**122,956,621**	139,978,779
Other revenue	*4*	**1,948,507**	1,317,881
Other net income/(loss)	*4*	**941,159**	(7,308,755)
Selling expenses		**(14,908,034)**	(16,654,609)
General and administrative expenses		**(66,768,629)**	(72,610,119)
Profit before taxation	*5*	**44,169,624**	44,723,177
Income tax	*6*	**(15,883,233)**	(11,718,573)
Profit for the year and attributable to equity shareholders of the Company		**28,286,391**	33,004,604
Earnings per share	*8*		
Basic, HK cents		**6.04**	7.27
Diluted, HK cents		**5.96**	7.16

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

	2014	2013
	HK$	*HK$*
Profit for the year	**28,286,391**	33,004,604
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	**(1,405,735)**	11,580,747
Total comprehensive income for the year and attributable to equity shareholders of the Company	**26,880,656**	44,585,351

Consolidated Balance Sheet

(Expressed in Hong Kong dollars)

	Note	**2014** **HK$**	2013 *HK$*
Non-current assets			
Fixed assets	*9*		
– Property, plant and equipment		**196,514,429**	196,863,595
– Interests in leasehold land held for own use under operating leases		**9,075,984**	9,538,150
Deferred tax assets		**7,476,336**	7,987,301
		213,066,749	214,389,046
Current assets			
Inventories		**146,072,052**	144,812,849
Trade and other receivables	*10*	**231,496,240**	213,706,202
Tax recoverable		**253**	1,845,235
Cash and cash equivalents	*11*	**213,008,820**	223,736,803
		590,577,365	584,101,089
Current liabilities			
Trade and other payables	*12*	**199,430,808**	195,697,660
Dividends payable		**155,167**	144,983
Tax payable		**7,635,527**	6,940,042
		207,221,502	202,782,685
Net current assets		**383,355,863**	381,318,404
Total assets less current liabilities		**596,422,612**	595,707,450
Non-current liabilities			
Deferred tax liabilities		**174,142**	182,322
NET ASSETS		**596,248,470**	595,525,128
CAPITAL AND RESERVES			
Share capital		**438,527,402**	233,389,630
Share premium		**-**	202,907,615
Reserves		**157,721,068**	159,227,883
TOTAL EQUITY		**596,248,470**	595,525,128

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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Chapter 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Chapter 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply 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 amendments to HKFRSs and one new interpretation 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 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- HK(IFRIC) 21, Levies

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal.

HK(IFRIC) 21 provides guidance on when a liability to pay a levy imposed by a government should be recognised.

The above amendments and new interpretation do not have significant impact on the Group's consolidated financial statements.

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

The Group had not applied any new or revised HKFRSs 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 2014 *HK$'000*	**The PRC 2014** *HK$'000*	**Japan 2014** *HK$'000*	**Europe 2014** *HK$'000*	**Rest of the world 2014** *HK$'000*	**Total 2014** *HK$'000*
Revenue from external customers	**347,174**	**105,844**	**192,194**	**256,045**	**133,618**	**1,034,875**
Inter-segment revenue	**-**	**556,421**	**-**	**-**	**870,496**	**1,426,917**
Reportable segment revenue	**347,174**	**662,265**	**192,194**	**256,045**	**1,004,114**	**2,461,792**
Reportable segment profit (adjusted EBITDA)	**26,276**	**8,012**	**19,379**	**14,547**	**62,140**	**130,354**
Reportable segment assets	**-**	**485,990**	**-**	**-**	**488,919**	**974,909**
Additions to non-current segment assets during the year	**-**	**37,061**	**-**	**-**	**476**	**37,537**
Reportable segment liabilities	**(194)**	**(162,710)**	**-**	**-**	**(215,270)**	**(378,174)**

2 SEGMENT REPORTING (CONTINUED)

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

	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)

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**2,461,792**	2,876,617
Elimination of inter-segment revenue	**(1,426,917)**	(1,693,811)
Consolidated turnover	**1,034,875**	1,182,806

	2014	2013
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**130,354**	168,532
Elimination of inter-segment profits	**(52,029)**	(79,398)
Reportable segment profit derived from Group's external customers	**78,325**	89,134
Other revenue and net loss	**2,890**	(5,990)
Depreciation and amortisation	**(37,045)**	(38,421)
Consolidated profit before taxation	**44,170**	44,723

	2014	2013
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**974,909**	966,181
Elimination of inter-segment receivables	**(178,741)**	(177,523)
	796,168	788,658
Tax recoverable	**-**	1,845
Deferred tax assets	**7,476**	7,987
Consolidated total assets	**803,644**	798,490

	2014	2013
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(378,174)**	(373,229)
Elimination of inter-segment payables	**178,742**	177,531
	(199,432)	(195,698)
Dividends payable	**(155)**	(145)
Tax payable	**(7,635)**	(6,940)
Deferred tax liabilities	**(174)**	(182)
Consolidated total liabilities	**(207,396)**	(202,965)

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:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**264,601**	271,061
Customer B	**221,736**	172,119
Customer C	**185,842**	221,980
Customer D	**169,901**	183,818
Customer E	**N/A#**	206,529

#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 INCOME/(LOSS)

	2014	2013
	HK$	*HK$*
Other revenue		
Bank interest income	**1,948,507**	1,317,881
Other net income/(loss)		
Gain on disposal of scrap materials	**1,143,031**	1,044,366
Net exchange loss	**(1,169,562)**	(8,948,163)
Net gain/(loss) on disposal of property, plant and equipment	**229,214**	(447,922)
Sample sales income	**117,122**	343,024
Subsidy income	**22,294**	435,766
Sundry income	**599,060**	264,174
	941,159	(7,308,755)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	2014	2013
	HK$	*HK$*
(a) Staff costs		
Salaries, wages and other benefits	**154,975,433**	175,789,905
Discretionary bonuses	**2,398,000**	1,864,000
Contributions to defined contribution retirement plans	**17,616,176**	19,856,932
Equity-settled share-based payment transactions*	**-**	30,750
	174,989,609	197,541,587

* The fair value of the share options granted during the year ended 31 December 2013 amounted to HK$30,750 and was recognised in profit or loss. This amount was included in staff costs as the relevant share options were granted to the directors.

	2014	2013
	HK$	*HK$*
(b) Other items		
Cost of inventories sold#	**911,917,905**	1,042,827,550
Amortisation of interests in leasehold land held for own use under operating leases	**424,652**	426,329
Depreciation	**36,620,772**	37,994,382
Auditor's remuneration	**667,000**	650,000
Product development costs	**916,962**	704,021

\# Cost of inventories includes HK$173,532,097 (2013: HK$198,771,242) 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 note 5(a) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2014	2013
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**4,681,115**	2,324,090
Over-provision in respect of prior years	**(10,001)**	(44,779)
	4,671,114	2,279,311
Current tax – PRC Enterprise Income Tax		
Provision for the year	**3,033,651**	8,084,837
Under-provision in respect of prior years	**7,701,861**	121,816
	10,735,512	8,206,653
Deferred tax		
Origination and reversal of temporary differences	**476,607**	1,232,609
Income tax expense	**15,883,233**	11,718,573

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year.

(ii) Taxation of subsidiaries in the PRC are calculated using the applicable income tax rate of 25% (2013: 25%).

Included in the under-provision for PRC Enterprise Income Tax is a provision of HKD7,451,500 (2013: HKD120,000) for the potential tax adjustment relating to transfer pricing audit in respect of the years ended 31 December 2002 to 2011 by the PRC tax authorities.

In 2013, the PRC tax authorities initiated a transfer pricing audit on a subsidiary of the Company in the PRC in respect of the years ended 31 December 2002 to 2011. The Group has been in discussions with the PRC tax authorities with a view to concluding the transfer pricing audit. So far no determination has been made by the PRC tax authorities. During the year, the Group, taking into consideration the transfer pricing studies conducted by an independent tax consultancy firm, has made the above provision against the potential tax exposures estimated by the management. At 31 December 2014, the total provisions made against the potential tax adjustment relating to the transfer pricing audit amounted to HK$7,571,500 (2013: HK$120,000).

The Group will continue to monitor the progress of the transfer pricing audit and vigorously defend the Group's position. Due to uncertainty inherent in the transfer pricing audit, its outcome could be different from the amount provided and such difference would impact the income tax provision in the year in which any determination is made.

7 DIVIDENDS

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

	2014	2013
	HK$	*HK$*
Interim dividend declared and paid of 2 HK cents per ordinary share (2013: 2 HK cents per ordinary share)	**9,378,785**	9,228,585
Final dividend proposed after the balance sheet date of 4 HK cents per ordinary share (2013: 4 HK cents per ordinary share)	**18,777,170**	18,671,170
Special dividend proposed after the balance sheet date of 2 HK cents per ordinary share (2013: nil)	**9,388,585**	-
	37,544,540	27,899,755

The final and special dividends proposed after the balance sheet date have not been recognised as 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

	2014	2013
	HK$	*HK$*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2013: 5 HK cents per ordinary share)	**18,740,571**	23,048,713

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$28,286,391 (2013: HK$33,004,604) and the weighted average number of 468,246,591 (2013: 454,047,589) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at 1 January	**466,779,260**	432,974,260
Effect of share options exercised	**1,467,331**	21,073,329
Weighted average number of ordinary shares at 31 December	**468,246,591**	454,047,589

(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$28,286,391 (2013: HK$33,004,604) and the weighted average number of 474,904,060 (2013: 461,073,816) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2014	2013
Weighted average number of ordinary shares at 31 December	**468,246,591**	**454,047,589**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**6,657,469**	**7,026,227**
Weighted average number of ordinary shares (diluted) at 31 December	**474,904,060**	**461,073,816**

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 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
At 1 January 2014	545,731,603	17,105,493	562,837,096
Exchange adjustments	(1,817,163)	(67,276)	(1,884,439)
Additions	40,508,627	-	40,508,627
Disposals	(6,030,128)	-	(6,030,128)
At 31 December 2014	578,392,939	17,038,217	595,431,156
Accumulated amortisation and depreciation:			
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
At 1 January 2014	348,868,008	7,567,343	356,435,351
Exchange adjustments	(1,089,575)	(29,762)	(1,119,337)
Charge for the year	36,620,772	424,652	37,045,424
Disposals	(2,520,695)	-	(2,520,695)
At 31 December 2014	381,878,510	7,962,233	389,840,743
Carrying value:			
At 31 December 2014	196,514,429	9,075,984	205,590,413
At 31 December 2013	196,863,595	9,538,150	206,401,745

10 TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$	*HK$*
Trade debtors	**206,022,667**	192,352,650
Other debtors	**14,646,610**	15,017,481
Deposits and prepayments	**10,826,963**	6,336,071
	231,496,240	213,706,202

All of the trade and other receivables, apart from certain deposits amounting to HK$2,048,543 (2013: HK$3,351,131), 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:

	2014	2013
	HK$	*HK$*
Within 1 month	**86,985,887**	78,813,499
1 to 3 months	**104,699,930**	102,294,228
3 to 12 months	**14,306,732**	10,521,691
Over 12 months	**30,118**	723,232
	206,022,667	192,352,650

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

	2014	2013
	HK$	*HK$*
Bank deposits	**74,403,375**	70,094,752
Cash at bank and in hand	**138,605,445**	153,642,051
	213,008,820	223,736,803

12 TRADE AND OTHER PAYABLES

	2014	2013
	HK$	*HK$*
Trade creditors	**145,421,767**	150,493,079
Accrued charges and other payables	**54,009,041**	45,204,581
	199,430,808	195,697,660

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:

	2014	2013
	HK$	*HK$*
Within 1 month	**61,340,498**	64,550,551
1 to 3 months	**76,913,378**	72,577,612
3 to 12 months	**4,368,430**	11,052,928
Over 12 months	**2,798,961**	2,311,988
	145,421,767	150,493,079

BUSINESS REVIEW

OPERATION RESULTS

During the financial year ("**FY**") of 2014, the Group continued to face the challenge of increased labour costs and shortage of skilled labour. Despite the Group's effort to improve the Group's profitability, the Group struggled to increase turnover and gross profit due to increased labour costs and overtime working subsidies, and weakened global market demand. As a result, for FY2014, the Group's consolidated turnover decreased to HK$1,034,874,526, a decrease of 12.51% compared with previous year. The Group's net profit for FY2014 decreased to HK$28,286,391 representing a decrease of 14.30%, compared with the net profit of HK$33,004,604 in the corresponding period of 2013. Cash generated from operations was HK$63,861,992. Cash and cash equivalents at the 31 December 2014 was HK$213,008,820 (with HK$28,109,172 dividend paid out during the year) compared with HK$223,736,803 at the beginning of this year. The positive operating cash flow and substantial cash balances allow the Group to continue to pay satisfactory amounts of dividends and invest more in automation production processes and advanced technology.

In 2014, the Group invested HK$40,508,627 to set up new semi-automated production lines for a series of new products, and bought more double injection moulding machines to support the development of higher quality grooming products in the coming years, as well as purchased new production machineries and equipment of precise cutting components so as to launch new innovative men shavers line. In comparison, the Group only spent HK$18,616,630 of capital expenditure in 2013. The Group hopes by increasing the investment in advanced technology, the management team will be able to develop more high end products with higher gross profit margins for our customers.

The Group's net profit was HK$28,286,391 representing basic earnings per share of 6.04 HK cents (net profit in FY2013 was HK$33,004,604, with basic earnings per share of 7.27 HK cents).

FINAL AND SPECIAL DIVIDEND

The Board of the Company has proposed the payment of a final dividend of 4 HK cents per ordinary share for the year ended 31 December 2014, amounting to approximately HK$18,777,170 (2013: HK$18,671,170). The Board also proposed special dividend of 2 HK cents per ordinary share (2013: Nil) to celebrate the 50th anniversary of the founding of the Company, amounting to approximately HK$9,388,585 (2013: Nil). The proposed final dividend and special dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 11 June 2015 to the shareholders whose names appear on the register of members of the Company on 5 June 2015.

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 Wednesday, 27 May 2015 ("**2015 AGM**"), the Register of Members of the Company will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015, both days inclusive. In order to be qualified for attending and voting at the 2015 AGM, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 May 2015.

(2) For the purpose of determining shareholders who are qualified for both the final dividend and special

dividend, the Register of Members of the Company will be closed on Wednesday, 3 June 2015 to Friday, 5 June 2015, both days inclusive. In order to be qualified for both the final dividend and special dividend, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 2 June 2015.

FINANCIAL POSITION

The liquidity position of the Group remains sound. Its current ratio was 2.80 as of 31 December 2014, compared with 2.90 as of 31 December 2013.

During FY2014, the Group's trade receivables turnover stood at 73 days, compared with 59 days in FY2013. The inventory turnover in FY2014 was 58 days, compared with 51 days in FY2013.

Bank balances and cash were HK$213,008,820 as of 31 December 2014 (2013: HK$223,736,803), representing a decrease of HK$10,727,983 when compared to the figures in the previous year, which was mainly due to increase in accounts receivable and inventory.

There were no bank borrowings as of 31 December 2014, and the Group's debt to equity ratio was 33% as of 31 December 2014 (2013: 33%).

The Group had no contingent liabilities as of 31 December 2014 (2013: Nil).

CHARGES ON ASSETS

The Group had no charges on assets as of 31 December 2014 (2013: Nil).

FUTURE PROSPECTS

The Group expects to face new challenges in year 2015 as minimum wage is expected to further increase, coupled with shortage of skilled labour in China. Despite the anticipated unfavourable macro environment for the OEM manufacturing industry, the Group continues to invest in new technology that gives the Group the ability to roll out new innovative products. The Group expects to place even more resources to expand the Mainland China market as we continue to see weakened market in Japan, USA and Europe in FY2014, at the same time seeking stronger partnership with key strategic customers so as to increase the turnover of the Group.

During year 2014, the Group has successfully launched several new air purifiers, a successful grooming product line and a series of men shavers with innovative cutting system. The Group expects to launch more air purifiers and grooming products in year 2015 as our core product strategy. In order to launch products faster, the Group invested in upgrading and getting part of our testing laboratory certified. The Group is pleased to announce that we have passed the audit of ISO 17025 international recognized standard so we can perform approbation tests in-house for some of our products starting from 1 February, 2015.

CORPORATE SOCIAL RESPONSIBILITIES AND COMMITMENT

WORKPLACE QUALITY

The Group focused on 4 areas to enhance quality of workplace environment:

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

(ii) Health and Safety: The Group was in compliance with labour laws of the PRC and Hong Kong labour laws applicable to the staff in the corresponding locations. Work injuries and key occupational health and safety KPIs were illustrated in the chart below:

	FY 2014	FY 2013	FY 2014 vs FY 2013 (%)
Number of work injuries	35	27	29.63%
Medical Expenses due to work injuries (HK$)	84,231.22	46,895.87	79.61%

Because of higher turnover rate of skilled workers, the Group has seen more work injuries and higher medical expenses in FY2014. However, we will try to replace hazardous processes with more automation in FY2015 to lower the number of work injuries.

(iii) Development and Training: The Group provided updated Listing Rules training 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	454	31
Regular employees	442	42
Production line workers	1,994	72

(iv) Labour Standard: The Group adopted a recruitment policy that prevented the hiring of child labour and forced labour. The Group also encouraged the 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 CO2 emissions during the manufacturing processes, minimize excessive use of resources such as electricity, diesel, water and paper.

(i) CO2 emissions: The chart below illustrated the type of emissions and respective emission data. The Group will continue to strive for measures to lower CO2 emissions.

	FY 2014	FY 2013	FY 2014 vs FY 2013 (%)
Electricity (kilotonnes CO2)	16.96	18.83	-9.93%
Oil (kilotonnes CO2)	0.39	0.40	-1.20%
Gas (kilotonnes CO2)	0.02	0.02	-4.16%

(ii) Use of Resources: The chart below illustrated the energy consumption by type throughout FY2014 and show comparative data with that of FY2013:

	FY 2014	FY 2013	FY 2014 vs FY 2013 (%)
Electricity (GWh)	21.62	23.99	-9.90%
Oil (tonnes)	122.65	124.12	-1.18%
Gas (kgs)	10,325.10	10,772.25	-4.15%

The Group was particularly pleased with the environmental protection performance as our operating team achieved lower CO2 emissions and reduction in usage of non-renewable resources.

OPERATING PRACTICES

The Group focused on formulating best operating procedures of work flow in order to enhance the professional conduct of the management and staff by tightening corporate governance policies and setting guidelines for preventing staff and workers from committing frauds and engaging 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 malpractice.

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

COMMUNITY INVOLVEMENT

The Group strived to promote the management and staff in jointly creating 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 material: The Group has begun a program to use recycled paper in printing interim & annual report booklets. The Group is also encouraging and working with customers to print product instruction books by using recycled paper materials.

(ii) Investment in new talents: The Group continued to sponsor research programs at the Hong Kong Polytechnic University and members of the Group management gave guest lectures at the Hong Kong Polytechnic University during year 2014.

(iii) Education involvement: members of the Group management participated in fundraising charity concert organized by the HK Philharmonic to support community programmes for young musicians from less privileged families.

STAFF

The Group currently employs approximately 38 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the Mainland China employs approximately 400 staff members, and workers employed directly or indirectly ranged from 2,800 to 3,500 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 non-executive Directors (including 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 non-executive Directors (including 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 each of the 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 (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, namely Mr. Leung, Michael Kai Hung (Chairman), Mr. Fan, Anthony Ren Da, Mr. Ng, Yiu Ming and Mr. Lo, Wilson Kwong Shun. Two meetings were held during this FY.

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 2014 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, Wilson 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 2014 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 Wednesday, 27 May 2015 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:
Mr. Wong, David Ying Kit
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)

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 27 March 2015