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 2016

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 2016, together with comparative figures for last year as follows:

Consolidated statement of profit or loss
(Expressed in Hong Kong dollars)

	Note	**2016** **HK$**	2015 *HK$*
Revenue	*3*	**1,019,441,813**	988,449,114
Cost of sales		**(863,703,905)**	(886,596,543)
Gross profit		**155,737,908**	101,852,571
Other revenue	*4*	**1,220,115**	2,370,996
Other net income/(loss)	*4*	**633,126**	(144,321)
Net foreign exchange gain: reclassified from equity upon deregistration of a subsidiary		-	17,884,012
Selling expenses		**(11,846,417)**	(14,378,536)
General and administrative expenses		**(73,040,733)**	(62,839,383)
Profit before taxation	*5*	**72,703,999**	44,745,339
Income tax	*6*	**(21,692,855)**	(8,416,870)
Profit for the year and attributable to equity shareholders of the Company		**51,011,144**	36,328,469
Earnings per share	*8*		
Basic, HK cents		**10.66**	7.65
Diluted, HK cents		**10.54**	7.53

Consolidated statement of profit or loss and other comprehensive income
(Expressed in Hong Kong dollars)

	2016	2015
	HK$	*HK$*
Profit for the year	**51,011,144**	36,328,469
Other comprehensive loss for the year:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	**(16,808,122)**	(18,561,940)
– Exchange reserve reclassified to profit or loss upon deregistration of a subsidiary, net of nil tax	-	(17,884,012)
	(16,808,122)	(36,445,952)
Total comprehensive income/(loss) for the year and attributable to equity shareholders of the Company	**34,203,022**	(117,483)

Consolidated statement of financial position

(Expressed in Hong Kong dollars)

	Note	2016 HK$	2015 HK$
Non-current assets			
Property, plant and equipment	*9*	145,330,733	165,693,369
Interests in leasehold land held for own use under operating leases	*9*	7,250,885	8,141,666
Deferred tax assets		4,910,372	8,345,504
		157,491,990	182,180,539
Current assets			
Inventories		116,010,706	112,335,440
Trade and other receivables	*10*	235,024,426	208,005,264
Tax recoverable		541,174	1,549,617
Cash and cash equivalents	*11*	251,634,475	244,472,180
		603,210,781	566,362,501
Current liabilities			
Trade and other payables	*12*	173,426,655	173,683,542
Dividends payable		336,247	203,787
Tax payable	*6(ii)*	14,742,477	10,095,169
		188,505,379	183,982,498
Net current assets		414,705,402	382,380,003
Total assets less current liabilities		572,197,392	564,560,542
Non-current liabilities			
Deferred tax liabilities		308,070	167,906
NET ASSETS		571,889,322	564,392,636
CAPITAL AND RESERVES			
Share capital		448,167,336	445,820,688
Other reserves		123,721,986	118,571,948
TOTAL EQUITY		571,889,322	564,392,636

1 BASIS OF PREPARATION

These financial statements 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. 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 that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented.

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

The financial information relating to the year ended 31 December 2016 included in this preliminary announcement of annual results 2016 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance

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,Asia(excluding Japan and the PRC) 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, South America and Africa.

(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/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.

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 2016 HK$'000	**The PRC 2016 HK$'000**	**Japan 2016 HK$'000**	**Europe 2016 HK$'000**	**Asia (excluding Japan and The PRC) 2016 HK$'000**	**Rest of the world 2016 HK$'000**	**Total 2016 HK$'000**
Revenue from external customers	**228,081**	**74,947**	**263,139**	**255,471**	**132,503**	**65,301**	**1,019,442**
Inter-segment revenue	**-**	**533,994**	**-**	**-**	**894,566**	**-**	**1,428,560**
Reportable segment revenue	**228,081**	**608,941**	**263,139**	**255,471**	**1,027,069**	**65,301**	**2,448,002**
Reportable segment profit (adjusted EBITDA)	**23,427**	**7,699**	**27,029**	**26,241**	**109,448**	**6,707**	**200,551**
Reportable segment assets	**-**	**327,423**	**-**	**-**	**530,280**	**-**	**857,703**
Additions to non-current segment assets during the year	**-**	**22,247**	**-**	**-**	**481**	**-**	**22,728**
Reportable segment liabilities	**-**	**(69,508)**	**-**	**-**	**(228,481)**	**-**	**(297,989)**

2 SEGMENT REPORTING (CONTINUED)

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

	Electrical home appliances						
	The United States 2015 HK$'000	The PRC 2015 HK$'000	Japan 2015 HK$'000	Europe 2015 HK$'000	Asia (excluding Japan and The PRC) 2015 HK$'000	Rest of the world 2015 HK$'000	Total 2015 HK$'000
Revenue from external customers	316,433	58,499	269,076	181,274	71,963	91,204	988,449
Inter-segment revenue	-	507,589	-	-	839,524	-	1,347,113
Reportable segment revenue	316,433	566,088	269,076	181,274	911,487	91,204	2,335,562
Reportable segment profit (adjusted EBITDA)	19,140	3,538	16,276	10,966	54,056	5,516	109,492
Reportable segment assets	-	328,371	-	-	551,180	-	879,551
Additions to non-current segment assets during the year	-	18,789	-	-	-	-	18,789
Reportable segment liabilities	(194)	(106,684)	-	-	(209,718)	-	(316,596)

2 SEGMENT REPORTING (CONTINUED)

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**2,448,002**	2,335,562
Elimination of inter-segment revenue	**(1,428,560)**	(1,347,113)
Consolidated revenue	**1,019,442**	988,449

	2016	2015
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**200,551**	109,492
Elimination of inter-segment profits	**(95,837)**	(49,704)
Reportable segment profit derived from Group's external customers	**104,714**	59,788
Other revenue and net income	**1,853**	2,227
Net foreign exchange gain upon deregistration of a subsidiary	**-**	17,884
Depreciation and amortisation	**(33,863)**	(35,154)
Consolidated profit before taxation	**72,704**	44,745

	2016	2015
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**857,703**	879,551
Elimination of inter-segment receivables	**(102,451)**	(140,904)
	755,252	738,647
Tax recoverable	**541**	1,550
Deferred tax assets	**4,910**	8,346
Consolidated total assets	**760,703**	748,543

	2016	2015
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(297,989)**	(316,596)
Elimination of inter-segment payables	**124,562**	142,913
	(173,427)	(173,683)
Dividends payable	**(336)**	(204)
Tax payable	**(14,742)**	(10,095)
Deferred tax liabilities	**(308)**	(168)
Consolidated total liabilities	**(188,813)**	(184,150)

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:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**302,875**	210,198
Customer B	**263,659**	270,032
Customer C	**151,276**	100,850
Customer D	**138,713**	161,395
Customer E	**N/A#**	176,379

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

3 REVENUE

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

Revenue 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 OTHER NET INCOME/(LOSS)

	2016	2015
	HK$	*HK$*
Other revenue		
Bank interest income	**1,220,115**	2,370,996
Other net income/(loss)		
Gain on disposal of scrap materials	**865,266**	890,733
Net exchange (loss)/gain	**(917,668)**	806,085
Net loss on disposal of property, plant and equipment	**(988,784)**	(3,600,324)
Sample sales income	**1,306,388**	276,789
Subsidy income	**402,412**	14,321
Reversal of overprovision of unused staff welfare fund upon deregistration of a subsidiary	**-**	1,319,946
Sundry (loss)/income	**(34,488)**	148,129
	633,126	(144,321)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	2016	2015
	HK$	*HK$*
(a) Staff costs		
Salaries, wages and other benefits	**165,247,635**	170,205,864
Discretionary bonuses	**6,286,327**	1,985,000
Contributions to defined contribution retirement plans	**17,329,161**	17,498,246
	188,863,123	189,689,110

	2016	2015
	HK$	*HK$*
(b) Other items		
Cost of inventories sold#	**863,703,905**	886,596,543
Amortisation of interests in leasehold land held for own use under operating leases	**393,233**	399,635
Depreciation	**33,469,391**	34,754,459
Auditor's remuneration	**692,000**	692,000
Product development costs	**3,104,875**	510,567

\# Cost of inventories includes HK$182,134,810 (2015: HK$187,294,585) relating to staff costs and depreciation, 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

Taxation in the consolidated statement of profit or loss represents:

	2016	2015
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**2,161,817**	2,794,522
Over-provision in respect of prior years	**(20,000)**	(300,142)
	2,141,817	2,494,380
Current tax – PRC Enterprise Income Tax		
Provision for the year	**11,918,858**	2,065,922
Under-provision in respect of prior years	**4,366,167**	5,109,828
	16,285,025	7,175,750
Deferred tax		
Origination and reversal of temporary differences	**3,266,013**	(1,253,260)
Income tax expense	**21,692,855**	8,416,870

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

Taxation of subsidiaries in the PRC are calculated using the applicable income tax rate of 25% (2015: 25%).

(ii) Included in the balance of income tax provisions relating to prior years are provision, net of payment, of approximately HK$8,615,000 (2015: HK$8,412,000) and HK$Nil (2015: HK$Nil) for the tax adjustment relating to transfer-pricing audit in respect of the years ended 31 December 2002 to 2011 ("2002 to 2011 TP Audit") and the years ended 31 December 2012 to 2015 ("2012 to 2015 TP Audit") respectively by the PRC tax authorities. Details of the transfer pricing audits are as follows:

2002 to 2011 TP Audit

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 conclude the transfer-pricing audit. To date no determination has been made by the PRC tax authorities. During the years ended 31 December 2013, 2014, 2015 and 2016, with consideration of the most recent negotiations between the officials of Nansha tax bureau, the Group has made a provision of RMB94,000, RMB5,790,000, RMB4,119,000 and RMB1,000,000 (equivalent to HK$120,000, HK$7,331,000, HK$4,985,000 and HK$1,173,000) respectively against the potential tax exposures estimated by the management. At 31 December 2016, the cumulative provisions made against the potential tax adjustment relating to the transfer-pricing audit amounted to RMB11,003,000 (equivalent to HK$13,609,000). Of this, in 2014, the Group paid RMB3,000,000 (equivalent to HK$3,799,000) to the tax authorities. Accordingly, the tax payable of RMB8,003,000 (equivalent to HK$8,615,000) is included in this line item.

2012 to 2015 TP Audit

During the year ended 31 December 2016, the PRC tax authorities initiated a transfer-pricing audit on the same subsidiary in respect of the years ended 31 December 2012 to 2015. The Group has reached a consensus with the PRC tax authority and paid RMB2,338,000 (equivalent to HK$2,786,000) to settle the case. Such amount is included in the under-provision of PRC enterprise income tax in respect of prior years as disclosed in note 6. Accordingly, the tax payable in relating to the 2012 to 2015 TP Audit is HK$Nil at 31 December 2016.

7 FINAL AND SPECIAL DIVIDENDS

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

	2016	2015
	HK$	*HK$*
Interim dividend declared and paid of 2 HK cents per ordinary share (2015: 2 HK cents per ordinary share)	**9,597,446**	9,546,845
Final dividend proposed after the end of the reporting period of 4 HK cents per ordinary share (2015: 4 HK cents per ordinary share)	**19,194,890**	19,095,690
Special dividend proposed after the end of the reporting period of 2 HK cents per ordinary share (2015: Nil)	**9,597,445**	-
	38,389,781	28,642,535

The final and special dividends proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

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

	2016	2015
	HK$	*HK$*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2015: 4 HK cents per ordinary share)	**19,149,690**	19,036,890
Special dividend in respect of the previous financial year, approved and paid during the year, of nil cents per ordinary share (2015: 2 HK cents per ordinary share)	**-**	9,518,446
	19,149,690	28,555,336

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$51,011,144 (2015: HK$36,328,469) and the weighted average number of 478,738,490 (2015: 475,053,080) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at 1 January	**477,392,260**	469,429,260
Effect of share options exercised	**1,346,230**	5,623,820
Weighted average number of ordinary shares at 31 December	**478,738,490**	475,053,080

(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$51,011,144 (2015: HK$36,328,469) and the weighted average number of 484,028,914 (2015: 482,478,929) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2016	2015
Weighted average number of ordinary shares at 31 December	**478,738,490**	475,053,080
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**5,290,424**	7,425,849
Weighted average number of ordinary shares (diluted) at 31 December	**484,028,914**	482,478,929

9 PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

	Property, plant and equipment *HK$*	Interests in leasehold land held for own use under operating leases *HK$*	Total *HK$*
Cost:			
At 1 January 2015	578,392,939	17,038,217	595,431,156
Exchange adjustments	(29,129,901)	(1,003,752)	(30,133,653)
Additions	18,788,932	-	18,788,932
Disposals	(14,021,408)	-	(14,021,408)
At 31 December 2015	554,030,562	16,034,465	570,065,027
At 1 January 2016	554,030,562	16,034,465	570,065,027
Exchange adjustments	(29,331,085)	(1,017,207)	(30,348,292)
Additions	22,728,055	-	22,728,055
Disposals	(10,880,511)	-	(10,880,511)
At 31 December 2016	536,547,021	15,017,258	551,564,279
Accumulated amortisation and depreciation:			
At 1 January 2015	381,878,510	7,962,233	389,840,743
Exchange adjustments	(18,200,474)	(469,069)	(18,669,543)
Charge for the year	34,754,459	399,635	35,154,094
Disposals	(10,095,302)	-	(10,095,302)
At 31 December 2015	388,337,193	7,892,799	396,229,992
At 1 January 2016	388,337,193	7,892,799	396,229,992
Exchange adjustments	(21,055,701)	(519,659)	(21,575,360)
Charge for the year	33,469,391	393,233	33,862,624
Disposals	(9,534,595)	-	(9,534,595)
At 31 December 2016	391,216,288	7,766,373	398,982,661
Carrying value:			
At 31 December 2016	145,330,733	7,250,885	152,581,618
At 31 December 2015	165,693,369	8,141,666	173,835,035

10 TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	*HK$*
Trade debtors	**215,973,619**	185,064,826
Other debtors	**7,715,388**	10,661,959
Deposits and prepayments	**11,335,419**	12,278,479
	235,024,426	208,005,264

All of the trade and other receivables, apart from certain deposits amounting to HK1,062,423 (2015: HK$3,538,958), are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade debtors as of the end of the reporting period, based on invoice date, is as follows:

	2016	2015
	HK$	*HK$*
Within 1 month	**71,184,244**	88,471,436
1 to 3 months	**98,719,861**	87,827,025
3 to 12 months	**46,049,078**	8,277,754
Over 12 months	**20,436**	488,611
	215,973,619	185,064,826

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

	2016	2015
	HK$	*HK$*
Bank deposits	**179,241,421**	147,716,225
Cash at bank and in hand	**72,393,054**	96,755,955
	251,634,475	244,472,180

12 TRADE AND OTHER PAYABLES

	2016	2015
	HK$	*HK$*
Trade creditors	**120,040,969**	120,430,319
Accrued charges and other payables	**53,385,686**	53,253,223
	173,426,655	173,683,542

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

The ageing analysis of trade creditors as of the end of the reporting period, based on invoice date, is as follows:

	2016	2015
	HK$	*HK$*
Within 1 month	**49,013,024**	45,531,367
1 to 3 months	**63,023,030**	65,441,307
3 to 12 months	**5,406,504**	7,121,873
Over 12 months	**2,598,411**	2,335,772
	120,040,969	120,430,319

BUSINESS REVIEW

OPERATION RESULTS

During the financial year ("**FY**") of 2016, the Group continued to face the challenges of an increase in operating costs and shortage of skilled labour. However, due to the launch of a series of new products, and innovative shaving and beverage products with higher profit margin, and since the management continued to reduce dependence on manual labour by replacing them with more automation to increase production efficiency and adopt leaner manufacturing, the Group was able to improve its profitability and gross margins. As a result, for FY2016, despite the Group's consolidated turnover only increased to HK$1,019,441,813, representing an increase of 3.14% as compared with the same period in the previous year, the net profit of the Group reached HK$51,011,144, representing an increase of 40.42%, as compared with the net profit of HK$36,328,469 of the same period in FY2015. Cash generated from operations was HK$69,033,791. Cash and cash equivalents at the end of FY2016 was HK$251,634,475 (HK$28,614,676 of which were dividend paid out during FY2016) as compared with HK$244,472,180 at the beginning of FY2016. The positive operating cash flow and substantial cash balances enable the Group to continue paying dividends to the shareholders which are satisfactory to them, and at the same time invest more in automation processes and advanced technology.

In FY2016, the Group invested HK$22,728,055 to set up new semi-automated production lines for a series of new products, and at the same time purchased many injection moulding machines to support the development of higher quality grooming and household environmental products in the coming years. In addition, the Group purchased new machines which can carry out precision cutting to launch a series of innovative men shaving and grooming products. In comparison, the Group expended HK$18,788,932 of capital expenditure in FY2015. The Group wishes the management team could develop more innovative and high-end products with high profits and profit margin for the Group's customers by the continued investment in advanced technology.

The Group's net profit in FY2016 was HK$51,011,144, representing basic earnings per share of 10.66 Hong Kong cents (net profit in FY2015 was HK$36,328,469, with basic earnings per share of 7.65 Hong Kong cents).

FINAL AND SPECIAL DIVIDEND

The Board of the Company has proposed a final dividend of 4 Hong Kong cents per ordinary share and special dividend of 2 Hong Kong cents per ordinary share for the year ended 31 December 2016. The proposed final dividend and special dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on Wednesday, 14 June 2017 to the shareholders whose names appear on the register of members of the Company on Wednesday, 7 June 2017.

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 Thursday, 25 May 2017 (the "**2017 AGM**"), the register of members of the Company will be closed from Monday, 22 May 2017 to Thursday, 25 May 2017, both days inclusive. In order to be qualified for attending and voting at the 2017 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 Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 19 May 2017.

(2) For the purpose of determining shareholders who are qualified for the final dividend and special dividend, the register of members of the Company will be closed from Monday, 5 June 2017 to Wednesday, 7 June 2017, both days inclusive. In order to be qualified for 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 Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 2 June 2017.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. Its current ratio was 3.20 as of 31 December 2016, compared with 3.08 as of 31 December 2015. The gearing ratio was 0.30 as of 31 December 2016 (31 December 2015: 0.31) and it was computed by the total liabilities over the net assets.

During FY2016, the Group's trade receivables turnover stood at 77 days, compared with 68 days in FY2015. The inventory turnover in FY2016 was 49 days, compared with 46 days in FY2015.

Bank balances and cash were HK$251,634,475 as of 31 December 2016 (2015: HK$244,472,180), representing an increase of HK$7,162,295 as compared to the figures in the same period in FY2015, which was mainly due to stronger cash flow generated from operations.

There were no bank borrowings as of 31 December 2016, and the Group's debt to equity ratio was 30% as of 31 December 2016 (2015: 31%).

The Group had no contingent liabilities as of 31 December 2016 (2015: Nil).

CHARGES ON ASSETS

The Group had no charges on assets as of 31 December 2016 (2015: Nil).

FUTURE PROSPECTS

The Group expects to face more new challenges in FY2017 due to the expected fluctuation in RMB exchange rate, coupled with the shortage of packaging material in the People's Republic of China (the "**PRC**") towards the end of FY2016. Despite the optimistic macroeconomic outlook for exports of the OEM manufacturing industry, sales in the PRC has not reached expectation due to the weakening of RMB. The Group will continue to find a balanced strategy to develop both the export overseas market and the sales of the PRC domestic market at the same time.

The Group will continue to invest in new technology which assists the Group with launching new innovative products. The Group expects to place even more resources to explore emerging markets, such as India, in FY2017 as the markets in Japan, the United States of America, and Europe remained weak in FY2016. The management of the Group will seek new opportunities with existing and new customers at the same time, as well as forming even stronger partnerships with key strategic customers to increase the turnover of the Group.

During FY2016, the Group successfully launched several new air purifiers, a series of successful new grooming products, as well as a series of men shavers with innovative cutting system. The design of such new men shavers even received the Best Shaver award of the CQ magazine in the United Kingdom, which proved that the research and development skills as well as the design ability of the Group can assist customers in developing their own innovative products. The Group, together with our customers, expect to launch a series of new products in India, another emerging country in FY2017. The Group believes that India is a fast growing country with great potential to rapidly grow their consumer market. The Group will continue to seek similar cooperation opportunities with more customers, and launch more innovative products in the emerging market.

In order to speed up the launch of products, the Group invested in upgrading the "Smart Nexus" of various operating systems, including "Smart" logistic system linking to ERP system and Cloud database; "Smart" robotic system in facilitating injection moulding and paint spraying processes; and a "Smart" working environment that increases the co-dependency relationship between people, machines and automations. In FY2017, the Group will further extend our "Smart" operating solutions to include launching a new bar code inventory tracking system to improve logistic flow with fewer workers and fewer human errors; as well as a custom-built injection moulding monitoring system to keep track of moulding cycles, moulding history and tooling life.

Finally, in order to better manage risk, the management has already implemented a risk management system to calculate certain key performance indicators ("**KPIs**") in FY2017 to focus on lowering financial and operating risks in important areas (such as weekly and monthly graphical KPIs to keep track of price trend of certain critical components in the supply chain). In addition, the Group has completed the installation of new firewalls and tightened Cloud security to lower cyber risks and will continue to upgrade the Group's IT systems to avoid risks caused by the use of invalid softwares and hardwares.

CORPORATE SOCIAL RESPONSIBILITIES AND COMMITMENT

WORKPLACE QUALITY

The Group focused on 4 areas to enhance workplace quality:

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

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

	FY 2016	FY 2015	FY 2016 vs FY 2015 (%)
Number of work injuries	**24**	28	**-14.29%**
Medical Expenses due to work injuries (HKD)	**149,911.47**	74,536.77	**101.12%**

The management of the Group is proud that they could provide staff with a safer work place which led to fewer work injuries in FY2016. However, the medical expenses incurred were higher in FY2016 than in FY2015 due to a few accidents of relatively severity. The Group will try to replace hazardous processes with more automation in FY2017 to lower the number of work injuries.

(iii) Development and Training: The Group provides directors and senior executives with latest Listing Rules training, the Group also provides middle management, regular employees and production line workers with various relevant training. The KPIs in the development and training of the Group are illustrated in the chart below:

	No. of Employees	Average Training Hours per Employee (hrs)
Middle management	409	38
Regular employees	341	52
Production line workers	2,091	96

(iv) Labour Standard: The Group adopts recruitment policies that prevent child labour and forced labour in compliance with the applicable laws and regulations. The Group also encourages workers to form labour unions. A labour union was formed at the Group's Nansha, Panyu factory and union representatives would hold 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 management of the Group.

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) Carbon dioxide (CO2) emissions

The chart below illustrates the types of emissions and their respective emission data. The Group will continue to strive for measures to lower CO2 emissions.

	FY 2016	FY 2015	FY 2016 vs FY 2015 (%)
Electricity (kilotonnes CO2)	**17.60**	17.60	**-0.01%**
Oil (kilotonnes CO2)	**0.13**	0.26	**-50.78%**
Gas (kilotonnes CO2)	**0.02**	0.02	**-11.66%**
Total CO2 emission (kilotonnes)	**17.75**	17.88	**-0.73%**

Additional explanation: Regarding other Greenhouse gas emissions, such as methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride , since the Group did not adopt manufacturing processes that would generate other Greenhouse gas, the management of the Group believes our manufacturing processes fully comply with PRC China environmental laws, and we received certification from PRC China EPA department and maintained our ISO14001 status.

Furthermore, the management of the Group, working with customers and suppliers, has successfully built a supply chain that fully complied with RoHS and REACH standards. All the sourced materials and finished goods have been sampling checked for RoHS and REACH compliance to ensure no hazardous waste nor non-hazardous waste were produced during any manufacturing processes. Any non-compliant supplier and their materials would be rejected immediately, and not used in the manufacturing of finished goods to mitigate any potential non-compliance risk. Our RoHS and REACH test lab has also been ISO 17025 certified.

(ii) Use of Resources

The chart below illustrates the consumption of resources by type throughout FY2016 and show comparative data with that of FY2015:

	FY 2016	FY 2015	FY 2016 vs FY 2015 (%)
Electricity (GWh)	**22.42**	22.43	**-0.01%**
Oil (tonnes)	**40.81**	82.89	**-50.78%**
Gas (kgs)	**8,387.45**	9,901.05	**-11.66%**
Water (000m3)	**268.58**	305.50	**-12.09%**
Packaging Materials Used for Finished Goods (tonnes)	**2,331,53**	N/A	**N/A**

The Group was particularly pleased with the environmental performance as our operating team achieved lower CO2 emissions and used less non-renewable resources in FY2016.

Additional explanation: From the chart on the Use of Resources above, water consumption decreased by approximately 12% in FY2016 compared with that in FY2015 because of better awareness of water preservation and the recycling of more industrial use water. Also, oil and gas usage were significantly reduced as the management of the Group invented customer-built electric fork-lifts that reduces the need to use diesel/gas based fork-lifts for internal transportation of parts and materials. Total packaging material used for finished goods depends on the product mix, and the Group, as a responsible OEM manufacturer, continues to discuss way to minimize use of packaging material with our customers.

(iii) The environment and natural resources

Apart from the effort shown above to minimize emissions and use of resources, the Group also initiated energy savings projects in FY2012 and FY2013. During these two years, the Group invested in solar energy panel to heat up water for our workers and installed LED lightings in our offices (both in Hong Kong and in the PRC) and in our manufacturing facilities in the PRC. Both energy savings initiatives not only generated savings for the Group, but also fostered a strong corporate culture to promote sustainability from workers to top management. Such culture enabled the Group to meet the ESG reporting requirements early since FY2012, and invested early to build up supply chain loyalty, customer loyalty and enhanced our Group reputation and image in Guangzhou, the PRC.

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 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 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-occurrence of product defects.

(iii) Risk Management: The Group has updated the policy on risk management, and the Board, the Audit Committee, and the Management team will work with outside consultants and auditors to identify potential risks not previously identified. At the end of FY2016, because of environmental regulation changes in the PRC, a number of paper mills were forced to shut down, leading to temporary shortage of packaging related material. The Group management has already implemented counter measures to mitigate such risk that might lead to disruption of production.

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 working with customers to print product instruction books by using 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 FY2016. Members of the Group also sponsored the Music Alive! programme at the Hong Kong University of Science and Technology; and acted as independent manager at the TWGHs Wong Fut Nam College.

(iii) Education involvement: Members of the Group's management participated in fundraising charity concert organized by the Hong Kong Philharmonic Society to support community programmes for young musicians from less privileged families; and participated in Intimacy of Creativity, an international music composer symposium organized by Hong Kong University of Science and Technology.

(iv) Corporate Governance: Members of the Group's management founded the HKiNED Association (Hong Kong Independent Non-Executive Directors Association) in October 2015 in Hong Kong, and held the first Greater China INED Forum on 22 November 2016 to promote better corporate governance practices.

(v) Create a better Society: Members of the Group's management actively participated in fundraising event for the Hong Kong Correctional Services to support education programmes for prison inmates. Members of the Groups also participated in fundraising event for St John's Cathedral during the year.

STAFF

The Group currently employs approximately 35 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 429 staff members, and workers employed directly or indirectly ranged from 2,400 to 2,600 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 Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), with 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 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 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 of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by its directors. Having made specific enquiries 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 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 the FY2016.

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 2016 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 2016 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 Thursday, 25 May 2017 at 3:00 p.m.. The notice of the 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 Director:
Mr. Zhang, Yuankun (alternate to Mr. Wong, Wilson Kin Lae)

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 28 March 2017