RAYMOND Industrial Ltd
利民實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

Announcement
2017 Interim Results

SUMMARY OF UNAUDITED FINANCIAL RESULTS
For the six months ended 30 June 2017

The board (the "**Board**") of directors (the "**Directors**") of Raymond Industrial Limited (the "**Company**") hereby announces the unaudited interim results for the six months ended 30 June 2017 of the Company and its subsidiaries (collectively, the "**Group**"). The condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2017 and the condensed consolidated statement of financial position of the Group as at 30 June 2017, along with selected explanatory notes, are unaudited but have been reviewed by the Company's Audit Committee together with the Company's independent auditor, Baker Tilly Hong Kong Limited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2017
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June** **2017** **HK$'000** **(Unaudited)**	2016 HK$'000 (Unaudited)
Revenue	3&4	**478,553**	502,566
Cost of sales		**(414,877)**	(433,949)
Gross profit		**63,676**	68,617
Other revenue	5	**640**	529
Other net income	5	**987**	837
Selling expenses		**(6,480)**	(5,871)
General and administrative expenses		**(42,989)**	(35,474)
Profit before taxation	6	**15,834**	28,638
Income tax	7	**(2,289)**	(9,718)
Profit for the period and attributable to equity shareholders of the Company		**13,545**	18,920
Earnings per share	9		
Basic, HK cents		**2.82**	3.96
Diluted, HK cents		**2.78**	3.92

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**13,545**	18,920
Other comprehensive income/(loss)/ for the period:		
Item that may be reclassified subsequently to profit or loss		
-Exchange differences on translation of financial statements of foreign operations, net of nil tax	**7,755**	(4,922)
Total comprehensive income for the period and attributable to equity shareholders of the Company	**21,300**	13,998

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2017 HK$'000 (Unaudited)**	At 31 December 2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**158,785**	145,331
Interests in leasehold land held for own use under operating leases	10	**7,290**	7,251
Deferred tax assets		**5,035**	4,910
		171,110	157,492
Current assets			
Inventories		**116,768**	116,011
Trade and other receivables	11	**193,374**	235,024
Tax recoverable		**-**	541
Cash and cash equivalents		**248,664**	251,634
		558,806	603,210
Current liabilities			
Trade and other payables	12	**158,625**	173,427
Dividends payable		**296**	336
Tax payable	7(ii)	**2,088**	14,742
		161,009	188,505
Net current assets		**397,797**	414,705
Total assets less current liabilities		**568,907**	572,197
Non-current liabilities			
Deferred tax liabilities		**311**	308
NET ASSETS		**568,596**	571,889
Capital and reserves			
Share capital		**453,409**	448,167
Other reserves		**115,187**	123,722
TOTAL EQUITY		**568,596**	571,889

Notes:

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The financial information relating to the financial year ended 31 December 2016 that is included in this preliminary announcement of interim results 2017 as comparative information does 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 has delivered 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.

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 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group .

- Amendments to HKAS7, Statement of cash flows: Disclosure initiative

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

Amendments to HKAS7, Statement of cash flows: Disclosure initiative

The amendments to HKAS7 require entities to provide disclosure that enable user of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financial activities. These new disclosures are not required in condensed interim financial information prepared in accordance with HKAS 34.

3 SEGMENT REPORTING

The Group is principally engaged in the manufacture and sale of electrical home appliances. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment, the Group has identified six 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 the 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

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Electrical home appliances						
For the six months Ended 30 June	The United States 2017 HK$'000 (Unaudited)	The PRC 2017 HK$'000 (Unaudited)	Japan 2017 HK$'000 (Unaudited)	Europe 2017 HK$'000 (Unaudited)	Asia (excluding Japan and The PRC) 2017 HK$'000 (Unaudited)	Rest of the world 2017 HK$'000 (Unaudited)	Total 2017 HK$'000 (Unaudited)
Revenue from external customers	**103,782**	**54,035**	**183,663**	**92,754**	**23,562**	**20,757**	**478,553**
Inter-segment revenue	**-**	**252,310**	**-**	**-**	**436,090**	**-**	**688,400**
Reportable segment revenue	**103,782**	**306,345**	**183,663**	**92,754**	**459,652**	**20,757**	**1,166,953**
Reportable segment profit (adjusted EBITDA)	**5,980**	**3,114**	**5,343**	**10,581**	**35,293**	**1,197**	**61,508**
As at 30 June							
Reportable segment assets	**-**	**336,484**	**-**	**-**	**505,227**	**-**	**841,711**
Reportable segment liabilities	**-**	**(100,112)**	**-**	**-**	**(171,931)**	**-**	**(272,043)**

3 SEGMENT REPORTING (Continued)

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

	Electrical home appliances						
For the six months Ended 30 June	The United States 2016 HK$'000 (Unaudited)	The PRC 2016 HK$'000 (Unaudited)	Japan 2016 HK$'000 (Unaudited)	Europe 2016 HK$'000 (Unaudited)	Asia (excluding Japan and The PRC) 2016 HK$'000 (Unaudited)	Rest of the world 2016 HK$'000 (Unaudited)	Total 2016 HK$'000 (Unaudited)
Revenue from external customers	110,885	37,230	150,354	108,433	78,722	16,942	502,566
Inter-segment revenue	-	272,320	-	-	429,961	-	702,281
Reportable segment revenue	110,885	309,550	150,354	108,433	508,683	16,942	1,204,847
Reportable segment profit (adjusted EBITDA)	9,754	3,276	13,226	9,539	44,114	1,489	81,398
As at 31 December							
Reportable segment assets	-	327,423	-	-	530,280	-	857,703
Reportable segment liabilities	-	(69,508)	-	-	(228,481)	-	(297,989)

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**1,166,953**	1,204,847
Elimination of inter-segment revenue	**(688,400)**	(702,281)
Consolidated revenue	**478,553**	502,566

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit		
Reportable segment profit	**61,508**	81,398
Elimination of inter-segment profits	**(33,935)**	(37,190)
Reportable segment profit derived from Group's external customers	**27,573**	44,208
Other revenue and other net income	**1,627**	1,366
Depreciation and amortisation	**(13,366)**	(16,936)
Consolidated profit before taxation	**15,834**	28,638

3 SEGMENT REPORTING (Continued)

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

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Assets		
Reportable segment assets	**841,711**	857,703
Elimination of inter-segment receivables	**(116,830)**	(102,452)
	724,881	755,251
Tax recoverable	**-**	541
Deferred tax assets	**5,035**	4,910
Consolidated total assets	**729,916**	760,702
Liabilities		
Reportable segment liabilities	**(272,043)**	(297,989)
Elimination of inter-segment payables	**113,418**	124,562
	(158,625)	(173,427)
Dividends payable	**(296)**	(336)
Tax payable	**(2,088)**	(14,742)
Deferred tax liabilities	**(311)**	(308)
Consolidated total liabilities	**(161,320)**	(188,813)

4 SEASONALITY OF OPERATIONS

The Group normally experiences higher demands in the second half of the year and, as a result, reports lower revenue and results in the first half of the year.

5 OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other revenue		
Bank interest income	**640**	529
Other net income		
Net exchange gain	**842**	345
Net loss on disposal of property, plant and equipment	**(508)**	(317)
Net gain on disposal of scrap materials	**346**	367
Sundry income	**307**	442
	987	837

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(a) Staff costs		
Salaries, wages and other benefits	**75,342**	81,047
Discretionary bonuses	**1,335**	988
Contributions to defined contribution retirement plans	**7,300**	9,601
	83,977	91,636

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(b) Other items		
Cost of inventories sold#	**414,877**	433,949
Amortisation of interests in leasehold land held for own use under operating leases	**189**	196
Depreciation	**13,177**	16,740
Loss on disposal of property, plant and equipment	**508**	307

Cost of inventories includes HK$71,878,000 (six months ended 30 June 2016: HK$87,715,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

7 INCOME TAX

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**709**	1,995
Current tax – PRC Enterprise Income Tax		
Provision for the period	**2,507**	4,531
(Over)/under-provision in respect of prior years	**(927)**	3,192
	1,580	7,723
Income tax expense	**2,289**	9,718

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2016: 16.5%) of the estimated assessable profits for the period.

Taxation for subsidiaries in the PRC are calculated using the applicable income tax rate of 25% (six months ended 30 June 2016: 25%).

(ii) Included in the balance of income tax provisions relating to prior years are provision, net of payment, of approximately HK$Nil (31 December 2016: HK$8,615,000) and HK$Nil (31 December 2016: 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. 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. During the six-months ended 30 June 2017, the Group has reached a consensus with the PRC tax authority to settle the case via tax payments in totalling of RMB10,000,000 (equivalent to HK$11,291,000). The over-provision amount is included in the over-provision of PRC enterprise income tax in respect of prior years as disclosed in above.

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$2,786,000) to settle the case. Such amount is included in the under-provision of PRC enterprise income tax in respect of prior years as disclosed above. Accordingly, the tax payable in relating to the 2012 to 2015 TP Audit is HK$Nil at 31 December 2016.

8 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interim dividend declared and approved after the interim period of 2 HK cents per ordinary share (six months ended 30 June 2016: 2 HK cents per ordinary share)	**9,712**	9,575

The interim dividend has not been recognised as a liability 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 interim period:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of previous financial year ended 31 December 2016, approved and paid of 4 HK cents (year ended 31 December 2015: 4 HK cents) per ordinary share	**19,425**	19,149
Special dividend in respect of previous financial year ended 31 December 2016, approved and paid of 2 HK cents (year ended 31 December 2015: Nil) per ordinary share	**9,712**	-
	29,137	19,149

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of approximately HK$13,545,000 (six months ended 30 June 2016: HK$18,920,000) and the weighted average number of 481,084,083 (six months ended 30 June 2016: 477,807,645) ordinary shares in issue during the interim period.

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of approximately HK$13,545,000 (six months ended 30 June 2016: HK$18,920,000) and the weighted average number of ordinary shares of 486,662,217 (six months ended 30 June 2016: 482,133,218) after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

10 PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

	Property, plant and equipment HK$'000	Interests in leasehold land held for own use under operating leases HK$'000	Total fixed assets HK$'000
Cost:			
At 1 January 2016 (Audited)	554,031	16,034	570,065
Exchange adjustments	(9,823)	(335)	(10,158)
Additions	16,267	-	16,267
Disposals	(3,871)	-	(3,871)
At 30 June 2016 (Unaudited)	556,604	15,699	572,303
Accumulated amortisation and depreciation:			
At 1 January 2016 (Audited)	388,337	7,893	396,230
Exchange adjustments	(6,565)	(165)	(6,730)
Charge for the period	16,740	196	16,936
Eliminated on disposals	(3,476)	-	(3,476)
At 30 June 2016 (Unaudited)	395,036	7,924	402,960
Carrying value:			
At 30 June 2016 (Unaudited)	161,568	7,775	169,343

	Property, plant and equipment HK$'000	**Interests in leasehold land held for own use under operating leases HK$'000**	**Total fixed assets HK$'000**
Cost:			
At 1 January 2017 (Audited)	**536,547**	**15,017**	**551,564**
Exchange adjustments	**14,845**	**482**	**15,327**
Additions	**23,600**	-	**23,600**
Disposals	**(7,382)**	-	**(7,382)**
At 30 June 2017 (Unaudited)	**567,610**	**15,499**	**583,109**
Accumulated amortisation and depreciation:			
At 1 January 2017 (Audited)	**391,216**	**7,766**	**398,982**
Exchange adjustments	**10,313**	**254**	**10,567**
Charge for the period	**13,177**	**189**	**13,366**
Eliminated on disposals	**(5,881)**	**-**	**(5,881)**
At 30 June 2017 (Unaudited)	**408,825**	**8,209**	**417,034**
Carrying value:			
At 30 June 2017 (Unaudited)	**158,785**	**7,290**	**166,075**
At 31 December 2016 (Audited)	**145,331**	**7,251**	**152,582**

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Trade debtors	**171,266**	215,974
Other debtors	**11,345**	7,715
Deposits and prepayments	**10,763**	11,335
	193,374	235,024

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

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Within 1 month	**65,083**	71,185
1 to 3 months	**71,491**	98,720
3 to 12 months	**34,690**	46,049
Over 12 months	**2**	20
	171,266	215,974

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.

12 TRADE AND OTHER PAYABLES

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Trade creditors	**109,010**	120,041
Accrued charges and other payables	**49,615**	53,386
	158,625	173,427

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

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Within 1 month	**76,206**	49,013
1 to 3 months	**29,784**	63,023
3 to 12 months	**2,256**	5,407
Over 12 months	**764**	2,598
	109,010	120,041

INTERIM DIVIDEND

At a Board meeting held on 28 August 2017, the Board declared an interim dividend of 2 HK cents (2016: 2 HK cents) per ordinary share.

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Declared interim dividend of 2 HK cents (2016: 2 HK cents) per ordinary share	**9,712**	9,575

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Monday, 11 September 2017. The interim dividend will be payable on or about Tuesday, 10 October 2017 to shareholders whose names appear on the register of members at the close of business on Thursday, 14 September 2017.

The book of transfers and register of members will be closed from Tuesday, 12 September 2017 to Thursday, 14 September 2017, both days inclusive, during such period no transfer of shares will be registered.

BUSINESS HIGHLIGHTS

In the first half of 2017, we have seen more or less similar sales demand for air purifiers, grooming and shaving products compared with that in 2016. The turnover of the Group was HK$478,553,319 in the first six months of 2017, representing a decrease of 4.78 % compared with turnover for the corresponding period in 2016. The Group's net profit was HK$13,544,767, representing a decrease of 28.41% when comparing with net profit of HK$18,920,571 for the corresponding period in 2016. Despite the significant drop in net profit, the Group's management is still optimistic about the business prospect in the next couple of years as more R&D expenses were spent in the first half of 2017 alone for a series of new products launch in the next 12 months. We hope the launch of those products will boost both revenue and profit for the Group. Furthermore, the Group's management hopes that by increasing R&D expenses, the Group can qualify as a High and New Technology Enterprise ("**HNTE**") in The People's Republic of China (the "**PRC**") later this year, so that we can enjoy lower PRC profit tax rate and additional tax benefits and credits related to new innovation and technologies developed by our R&D.

During the first half of 2017, the Group was cautious about investment in capital expenditure with uncertainties of global economy because of the new presidency in the USA and the imminent BREXIT in the UK. Nevertheless, we continued to invest in automations to accelerate our goal of more lean manufacturing processes implementation, believing such investments will maintain our competitiveness by keeping costs and good quality standard. The Group will continue to identify low value added processes in our production and eliminate them to achieve cost control and product quality.

The Group successfully settled the Transfer Pricing tax issue with the PRC tax authority for tax incurred between 2002 and 2011 during the first half of 2017, so the management can focus on growing its business from now on without distraction from the tax dispute. Qualifying as HNTE in the PRC will be the Group's management's first priority in the second half of 2017.

Management from the Group continued to participate in Corporate Social Responsibility programs such as participating in charity fund raising concert with the Hong Kong Philharmonic Orchestra, participating in community service programs with the Hong Kong Correctional Service, giving lectures at the Hong Kong Polytechnic University and participating in Intimacy of Creativity, an international composers symposium organised by HKUST. The Group also continued its effort to cut down CO_2 emission and make the environment more sustainable by reducing diesels consumption, using more solar energy and installing more LED lighting to conserve energy consumption.

PROSPECTS FOR THE SECOND HALF OF 2017

Despite the rather disappointing interim results, the Group's management remains positive as we are going to launch several new products and anticipates a better second half of 2017.

We have a very aggressive new product launch plan, and hope to be able to increase our turnovers and our margins in the second half of 2017. Once we successfully launch new products for our new customers, we hope they will give us more opportunities to develop more new products for them.

We previously mentioned the importance of qualifying our Nansha manufacturing plant to be a HNTE. Once we succeed in getting this certification, we can enjoy tax incentives for R&D, and qualify for lower profit tax in the PRC. In the second half of 2017, the management will focus on achieving this goal and transform the Group to develop more Hi-Tech niche market products for our customers.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. The current ratio of the Group was 3.47 as of 30 June 2017 (31 December 2016: 3.20). The quick ratio of the Group was 2.75 as of 30 June 2017 (31 December 2016: 2.58). The gearing ratio of the Group was 0.28 as of 30 June 2017 (31 December 2016: 0.30) and it was computed by the total liabilities divided by the net assets.

Bank balances and cash were HK$248,664,141 as of 30 June 2017, representing an increase of HK$2,008,367 of that of the corresponding period in 2016. The modest increase was mainly due to increased dividends payout but more cash generated from operations in the same period.

There was no bank borrowing as of 30 June 2017 (31 December 2016: Nil), and the Group had no contingent liabilities as of 30 June 2017 (31 December 2016: Nil).

CHARGE ON ASSETS

The Group has no charges on assets as of 30 June 2017.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in the United States Dollars ("**USD**"), Hong Kong Dollars and Renminbi ("**RMB**"). The appreciation of RMB verses USD in the period caused increase in our operating cost as the labour and some raw materials were paid in RMB. The Group has seen very minor impact due to British pounds depreciation since our sales received in British pounds is not substantial compared with overall sales. The Group does not foresee any further exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

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 445 staff members, and workers employed directly or indirectly ranged from 2,400 to 2,500 persons during the period.

The Group's remuneration policies remained the same as revealed in the annual report 2016.

The Group would like to extend its appreciation to all the staff members for their hard work and dedication to the Group throughout the period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

Throughout the period, the Company was in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the deviations from code provision A.4.1 of the CG Code in respect of the service term of independent non-executive directors.

Under code provision A.4.1 of the CG Code, non-executive directors (including independent non-executive directors) should be appointed for a specific term and subject to retirement by rotation.

None of the existing non-executive Directors (including the 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 non-executive Directors (including the 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 of the independent non-executive Directors and has grounds to believe that they continue to be independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the standard of the Company's corporate governance practices is not lower than those required in the CG Code.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry with the Directors, all the Directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2017.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises two executive Directors, Mr. Wong, John Ying Man and Mr.

Wong, Raymond Man Hin; and four independent non-executive Directors, 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 describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee of the Company has reviewed the accounting practices and principles adopted by the Group and discussed the auditing, internal control and financial reporting matters with the management of the Group including the review of the interim results and the interim financial information for the six months ended 30 June 2017.

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, Mr. Ng Yiu Ming (Chairman), Mr. Leung, Michael Kai Hung, Mr. Fan, Anthony Ren Da and Mr. Lo, Wilson Kwong Shun.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

The interim financial information 2017 will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.raymondfinance.com) in due course.

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 28 August 2017

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 and Mr. Mok Kin Hing

Non-Executive Directors:
Mr. Wong, David Ying Kit and Mr. Xiong Zhengfeng

Independent Non-Executive Directors:
Mr. Leung, Michael Kai Hung; Mr. Fan, Anthony Ren Da, Mr. Ng Yiu Ming and Mr. Lo, Wilson Kwong Shun

Alternate Directors:
Mr. Zhang Yuankun (alternate to Mr. Wong, Wilson Kin Lae)