RAYMOND Industrial Ltd
利民實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

Announcement
2018 Interim Results

SUMMARY OF UNAUDITED FINANCIAL RESULTS
For the six months ended 30 June 2018

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 2018 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 2018 and the condensed consolidated statement of financial position of the Group as at 30 June 2018, along with selected explanatory notes, are unaudited but have been reviewed by the Company's audit committee (the "**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 2018
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2018	2017
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Revenue	3 & 4	**603,149**	478,553
Cost of sales		**(510,176)**	(414,877)
Gross profit		**92,973**	63,676
Other revenue	5	**1,365**	640
Other net income	5	**4,134**	987
Selling expenses		**(18,487)**	(6,480)
General and administrative expenses		**(48,668)**	(42,989)
Profit before taxation	6	**31,317**	15,834
Income tax	7	**(3,849)**	(2,289)
Profit for the period attributable to equity shareholders of the Company		**27,468**	13,545
Earnings per share	9		
Basic, HK cents		**5.63**	2.82
Diluted, HK cents		**5.58**	2.78

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**27,468**	13,545
Other comprehensive (loss)/income 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	**(4,007)**	7,755
Total comprehensive income for the period attributable to equity shareholders of the Company	**23,461**	21,300

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

(Expressed in Hong Kong dollars)

	Note	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	182,407	165,581
Interests in leasehold land held for own use under operating leases	10	7,110	7,403
Deferred tax assets		3,157	5,296
		192,674	178,280
Current assets			
Inventories		163,355	139,310
Trade and other receivables	11	311,047	214,469
Cash and cash equivalents		223,995	263,777
		698,397	617,556
Current liabilities			
Trade and other payables	12	280,610	195,347
Dividends payable		464	232
Tax payable		3,510	4,162
		284,584	199,741
Net current assets		413,813	417,815
Total assets less current liabilities		606,487	596,095
Non-current liabilities			
Deferred tax liabilities		192	734
NET ASSETS		606,295	595,361
Capital and reserves			
Share capital		461,807	453,723
Reserves		144,488	141,638
TOTAL EQUITY		606,295	595,361

Notes:

1 BASIS OF PREPARATION

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

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the changes in accounting policy that are expected to be reflected in the 2018 annual financial statements. Details of these changes in accounting policies and related impact are set out in note 2.

The financial information relating to the financial year ended 31 December 2017 that is included in this preliminary announcement of interim results 2018 as comparative information does not constitute the Group's statutory annual consolidated financial statements prepared under HKFRSs for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements in accordance with section 436 of the Hong Kong Companies Ordinance (the "HKCO") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the HKCO.

The Company's auditor has reported on those financial statements. 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 HKCO.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

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

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC) Interpretation 22, Foreign Currency Transactions and Advance Consideration

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

This note explains the impact of the adoption of HKFRS 9, HKFRS 15 and HK(IFRIC) Interpretation 22 on the Group's interim financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different from those applied in prior periods.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, Financial Instruments

HKFRS 9 replaces HKAS 39, Financial Instruments: Recognition and Measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Further details of new significant accounting policies and effect of the changes are set out below:

(i) Classification and measurement

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of HKFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the classification and measurement of financial assets is set out below.

Under HKFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or Fair value through profit or loss ("FVTPL"). The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, Financial Instruments (continued)

(i) Classification and measurement (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade and other receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

The Group has assessed that its financial assets and financial liabilities currently measured at amortised cost continue with their respective classification and measurements upon the adoption of HKFRS 9 which the classification and measurement remain unchanged from HKAS 39.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, Financial Instruments (continued)

(ii) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss”(“ECL”) model. Under the ECL model, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of the reporting period; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group applies simplified approach to measure ECL for all financial assets at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions. Impairment is made on expected credit losses which are present value of the cash shortfalls over the expected life of the financial assets.

The Group has significant financial assets which are subject to the ECL model including trade and other receivables and cash and cash equivalents.

For trade and other receivables, the Group applies the simplified approach to provide for expected credit losses prescribed above. To measure the expected credit losses, all trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade and other receivables as at 1 January 2018.

Impairment losses are written off against corresponding receivable directly when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

While cash and cash equivalents and short-term bank deposits are also subject to the impairment requirements of HFKRS 9, the identified impairment loss was immaterial.

There is no impact of transition to HKFRS 9 on retained earnings and other reserves as at 1 January 2018.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for revenue from construction contracts.

Further details of new significant accounting policies and effect of the changes are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identified 3 situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; and

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach does not materially affect the point in time when revenue is recognised under the Group's current contract terms, business practice and accounting policy.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, Revenue from Contracts with Customers (continued)

(i) Timing of revenue recognition (continued)

The Group has assessed that revenue from sales of electrical home appliances continues to be recognised at a point in time. Currently the Group recognises revenue upon the point in time when the risks and rewards of ownership of the electrical home appliances have been transferred to the customer.

The Group has assessed that under the transfer-of-control approach in the new standard revenue is generally recognised in accordance with shipping terms stipulated in contracts, which is the point in time when the customer has the ability to direct the use of the finished goods and obtain substantially all of the remaining benefits of the finished goods.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of goods and this change in accounting policy has no material impact on opening balances as at 1 January 2018.

(ii) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

It is not common for the Group to receive payments significantly in advance of revenue recognition in the Group's arrangements with its customers.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises financing component from sale of goods and this change in accounting policy had no material impact on opening balances as at 1 January 2018.

(iii) Sales with a right of return

When the customers are allowed to return the products, the Group estimates the level of returns and makes and adjustment against revenue and cost of sales.

The Group does not apply sales with a right to return with the customers except for quality defects. Based on the past experience, sales return due to quality defects is not material.

The adoption of HKFRS 15 does not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, Revenue from Contracts with Customers (continued)

(iv) Presentation of contract liabilities

Under HKFRS 15, a contract liability, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer (i.e. refund liability). To reflect this change in presentation, contract liabilities, including receipts in advance from customers, with amount of approximately HK$4,512,000 are now separately presented under trade and other payables as at 30 June 2018, as a result of the adoption of HKFRS 15.

(v) Transition

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018 (if any). There is no impact of transition to HKFRS 15 on retained earnings as at 1 January 2018.

(d) HK(IFRIC) Interpretation 22, Foreign Currency Transactions and Advance Consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial performance of the Group.

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 senior management of the Group 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 2018 HK$'000 (Unaudited)	The PRC 2018 HK$'000 (Unaudited)	Japan 2018 HK$'000 (Unaudited)	Europe 2018 HK$'000 (Unaudited)	Asia (excluding Japan and The PRC) 2018 HK$'000 (Unaudited)	Rest of the world 2018 HK$'000 (Unaudited)	Total 2018 HK$'000 (Unaudited)
Revenue from external customers	**134,833**	**117,440**	**143,938**	**159,394**	**31,411**	**16,133**	**603,149**
Inter-segment revenue	**-**	**249,843**	**-**	**-**	**486,866**	**-**	**736,709**
Reportable segment revenue recognised at a point in time	**134,833**	**367,283**	**143,938**	**159,394**	**518,277**	**16,133**	**1,339,858**
Reportable segment profit (adjusted EBITDA)	**9,224**	**8,034**	**9,848**	**10,905**	**51,984**	**1,103**	**91,098**
As at 30 June							
Reportable segment assets	**-**	**458,608**	**-**	**-**	**487,948**	**-**	**946,556**
Reportable segment liabilities	**-**	**(186,965)**	**-**	**-**	**(154,519)**	**-**	**(341,484)**

3 SEGMENT REPORTING (Continued)

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

	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 recognised at a point in time	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 31 December							
Reportable segment assets	-	363,942	-	-	557,338	-	921,280
Reportable segment liabilities	-	(99,109)	-	-	(211,070)	-	(310,179)

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**1,339,858**	1,166,953
Elimination of inter-segment revenue	**(736,709)**	(688,400)
Consolidated revenue	**603,149**	(478,553)

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit		
Reportable segment profit	**91,098**	61,508
Elimination of inter-segment profits	**(49,834)**	(33,935)
Reportable segment profit derived from Group's external customers	**41,264**	27,573
Other revenue and other net income	**5,499**	1,627
Depreciation and amortisation	**(15,446)**	(13,366)
Consolidated profit before taxation	**31,317**	15,834

3 SEGMENT REPORTING (Continued)

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

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Assets		
Reportable segment assets	**946,556**	921,280
Elimination of inter-segment receivables	**(58,642)**	(130,740)
	887,914	790,540
Deferred tax assets	**3,157**	5,296
Consolidated total assets	**891,071**	795,836
Liabilities		
Reportable segment liabilities	**(341,484)**	(310,179)
Elimination of inter-segment payables	**60,874**	114,832
	(280,610)	(195,347)
Dividends payable	**(464)**	(232)
Tax payable	**(3,510)**	(4,162)
Deferred tax liabilities	**(192)**	(734)
Consolidated total liabilities	**(284,776)**	(200,475)

4 SEASONALITY OF OPERATIONS

The Group normally experiences higher demand 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	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other revenue		
Bank interest income	**1,365**	640
Other net income		
Net exchange gain	**3,486**	842
Net loss on disposal of property, plant and equipment	**(238)**	(508)
Net gain on disposal of scrap materials	**642**	346
Sundry income	**244**	307
	4,134	987

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(a) Staff costs		
Salaries, wages and other benefits	**96,870**	75,342
Discretionary bonuses	**1,113**	1,335
Contributions to defined contribution retirement plans	**9,045**	7,300
	107,028	83,977

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(b) Other items		
Cost of inventories sold#	**510,176**	414,877
Amortisation of interests in leasehold land held for own use under operating leases	**206**	189
Depreciation	**15,240**	13,177
Product development cost*	**21,134**	9,983
Claims on sales^	**11,076**	-
Net loss on disposal of property, plant and equipment	**238**	508

Cost of inventories includes approximately HK$95,103,000 (six months ended 30 June 2017: HK$71,878,000) 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.

* Product development costs include approximately HK$9,749,000 (six months ended 30 June 2017: HK$8,104,000) relating to staff costs and depreciation, which amounts are also included in their respective total amounts disclosed separately above or in note 6(a) for each type of expense.

^ Pursuant to an agreement with a customer, the Company agreed to compensate certain claims by this customer arising from defective goods with totalling US$1,429,000 (equivalent to HK$11,076,000) and will be settled by agreed instalments. This compensation was recognised in profit or loss and included in "Selling expenses" during the period.

7 INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**1,253**	709
Current tax – PRC Enterprise Income Tax		
Provision for the period	**3,723**	2,507
Over-provision in respect of prior years	**(2,733)**	(927)
	990	1,580
Deferred tax		
Origination and reversal of temporary difference	**1,606**	-
Income tax expense	**3,849**	2,289

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2017: 16.5%) of the estimated assessable profits for the period.

A subsidiary in the PRC was regarded as a high and new technology enterprise in December 2017 and can enjoy a preferential tax rate of 15% (six months ended 30 June 2017: 25%).

8 DIVIDENDS

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

	Six months ended 30 June	
	2018	2017
	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 2017: 2 HK cents per ordinary share)	**9,876**	9,712

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	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of previous financial year ended 31 December 2017, approved and paid of 4 HK cents (year ended 31 December 2016: 4 HK cents) per ordinary share	**19,553**	19,425
Special dividend in respect of previous financial year ended 31 December 2016, approved and paid of 2 HK cents per ordinary share	**-**	9,712
	19,553	29,137

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$27,468,000 (six months ended 30 June 2017: HK$13,545,000) and the weighted average number of ordinary shares of 487,847,846 (six months ended 30 June 2017: 481,084,083) 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$27,468,000 (six months ended 30 June 2017: HK$13,545,000) and the weighted average number of ordinary shares of 492,023,185 (six months ended 30 June 2017: 486,662,217) 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 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

	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 2018 (Audited)	**597,307**	**16,166**	**613,473**
Exchange adjustments	**(7,736)**	**(207)**	**(7,943)**
Additions	**35,131**	**-**	**35,131**
Disposals	**(2,795)**	**-**	**(2,795)**
At 30 June 2018 (Unaudited)	**621,907**	**15,959**	**637,866**
Accumulated amortisation and depreciation:			
At 1 January 2018 (Audited)	**431,726**	**8,763**	**440,489**
Exchange adjustments	**(5,020)**	**(120)**	**(5,140)**
Charge for the period	**15,240**	**206**	**15,446**
Eliminated on disposals	**(2,446)**	**-**	**(2,446)**
At 30 June 2018 (Unaudited)	**439,500**	**8,849**	**448,349**
Carrying value:			
At 30 June 2018 (Unaudited)	**182,407**	**7,110**	**189,517**
At 31 December 2017 (Audited)	**165,581**	**7,403**	**172,984**

11 TRADE AND OTHER RECEIVABLE

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Trade debtors	**271,281**	194,209
Other debtors	**24,202**	12,754
Deposits and prepayments	**15,564**	7,506
	311,047	214,469

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

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Within 1 month	**109,193**	66,673
More than 1 month but less than 3 months	**128,291**	85,816
More than 3 months but less than 12 months	**33,749**	41,715
Over 12 months	**48**	5
	271,281	194,209

Trade debtors are normally due within 30 to 120 days from the date of billing.

12 TRADE AND OTHER PAYABLES

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Trade creditors	**205,712**	145,870
Accrued charges and other payables	**70,386**	49,477
Contract liabilities (note)	**4,512**	-
	280,610	195,347

Note: As a result of adoption of HKFRS 15, receipts in advance are included in contract liabilities (note 2 (c)(iv)).

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

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Within 1 month	**79,152**	71,040
More than 1 month but less than 3 months	**122,116**	66,730
More than 3 months but less than 12 months	**3,569**	7,285
Over 12 months	**875**	815
	205,712	145,870

INTERIM DIVIDEND

At the Board meeting held on 29 August 2018, the Board declared an interim dividend of 2 HK cents (2017: 2 HK cents) per ordinary share.

	For the six months ended 30 June	
	2018	2017
	HK$'000	***HK$'000***
Declared interim dividend of 2 HK cents (2017: 2 HK cents) per ordinary share	**9,876**	9,712

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 Tuesday, 11 September 2018. The interim dividend will be payable on or about Tuesday, 9 October 2018 to shareholders whose names appear on the register of members at the close of business on Friday, 14 September 2018.

The book of transfers and register of members will be closed from Wednesday, 12 September 2018 to Friday, 14 September 2018, both days inclusive, during such period no transfer of shares will be registered.

BUSINESS HIGHLIGHTS

In the first half of 2018, as a result of the Group's attainment of High Technology Venture status and successful launch of some newly developed innovative products, the Group achieved a significant increase in sales for air purifiers and grooming and shaving products compared with that in 2017. The turnover of the Group was HK$603,149,000 in the first six months of 2018, representing an increase of 26.04 % compared with turnover for the corresponding period in 2017. The Group's net profit was HK$27,468,000 compared with a net profit of HK$13,545,000 for the corresponding period in 2017, representing an increase of 102.79%. Despite of the significant increase in net profit, the Group's management is cautious about the business prospect in the near future despite increase in minimum wage in Guangzhou area since 1 July 2018; the uncertainty in RMB exchange rate; the Sino-US trade dispute and the macroeconomic factors that may have adverse effect on the Group's US sales in the foreseeable future. Furthermore, the Group's management will continue to invest in new research and development ("**R&D**") projects, develop new innovations and technologies and explore product sales in new emerging markets.

During the first half of 2018, the Group made an investment in new technologies and spent HK$35,131,000 in R&D related capital expenditure (HK$23,600,000 in 2017). At the same time, the Group's management continued to invest in automations to accelerate the Group's goal of more lean manufacturing processes implementation to offset the increase in labour costs and minimize the reliance on manual labour processes during production. The Group will continue to identify low valued added processes in our production and eliminate them to achieve better cost control while maintaining good product quality.

The Group was qualified as a High Technology Enterprise in the People's Republic of China (the "**PRC**") in the second half of 2017. The Group's commitment in R&D investment improved both the human capital and technological knowhow. The Group's technology focused strategy should steer the operations towards the goal of industry 4.0 and transform the facilities into a "smart factory" in the near future.

The Group's management continued to participate in corporate social responsibility programs such as participating in community service programs with the Hong Kong Correctional Service Department and Hong Kong Philharmonic, giving lectures at the Hong Kong Polytechnic University ("**HK PolyU**"), and offering internship programmes for students from Hong Kong University of Science and Technology and HK PolyU. The Group also continued its effort to cut down CO_2 emission and making the environment more sustainable by reducing diesels consumption, using more solar energy and installing more LED lighting to conserve energy consumption.

PROSPECTS IN THE SECOND HALF OF 2018

The Group's management is very pleased with the interim results and remains positive in a hope to drive momentum to continuously adapt to changing environment and new opportunities, while at the same time achieve operational performance excellence in the second half of 2018. The Group plans to launch more new innovative products, and the Group foresees that these new products will contribute more to the Group's revenue in the second half of 2018.

As the Group achieved the important milestone of qualifying its Nansha manufacturing plant as a High Technology Enterprise, the Group's next goal is to transform the manufacturing plant into a "smart factory". In the next few years, the Group will invest and promote computerization of manufacturing and will use more automation and robotics to replace human labour workforce. The Group will emphasize on promoting workers' education and skills; and will have more sharing and collaboration with local and overseas universities, design firms and start-ups with new proprietary technologies. In a disruptive macro environment, the Group's management believes that only innovations and quick adaptation to new technologies can enhance the development of new products with good profit margins.

FINANCIAL REVIEW

The liquidity position of the Group was satisfactory. The current ratio of the Group was 2.45 as of 30 June 2018 (31 December 2017: 3.10). The quick ratio of the Group was 1.88 as of 30 June 2018 (31 December 2017: 2.39). The gearing ratio of the Group was 0.46 as of 30 June 2018 (31 December 2017: 0.33) and it was computed by the total liabilities divided by the net assets.

Bank balances and cash were HK$223,995,000 as of 30 June 2018 (30 June 2017: approximately HK$248,664,000), representing a decrease of HK$24,669,000 compared with that for the corresponding period. The decrease was mainly due to higher level of trade receivables and inventories.

There was no bank borrowing as of 30 June 2018 (31 December 2017: Nil), and the Group had no contingent liabilities as of 30 June 2018 (31 December 2017: Nil).

CHARGE ON ASSETS

The Group has no charges on assets as of 30 June 2018 (31 December 2017: Nil).

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 immaterial impact as a result of 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 34 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 430 to 470 staff members, and workers employed directly or indirectly ranged from 2,100 to 3,000 persons during the period.

The Group's remuneration policies remained the same as disclosed in the 2017 annual report .

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 six months ended 30 June 2018.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2018, 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.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company and established written guidelines no less exacting than the Model Code for senior management and specified persons who are likely to possess inside information in relation to the Group. 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 2018.

REMUNERATION COMMITTEE

A remuneration committee of the Company (the "**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, Mr. Leung, Michael Kai Hung (Chairman), Mr. Fan, Anthony Ren Da, Mr. Ng Yiu Ming and Mr. Lo, Wilson Kwong Shun.

AUDIT COMMITTEE

The 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 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 2018.

The Audit Committee comprises 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.

NOMINATION COMMITTEE

A nomination committee of the Company (the "**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 2018 interim financial information 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, 29 August 2018

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