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RAYMOND Industrial Ltd
利民實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

Announcement
2019 Interim Results

SUMMARY OF UNAUDITED FINANCIAL RESULTS
For the six months ended 30 June 2019

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 2019 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 2019 and the condensed consolidated statement of financial position of the Group as at 30 June 2019, 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 2019
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June** **2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited) (Note)
Revenue	3 & 4	**544,498**	603,149
Cost of sales		**(482,559)**	(510,176)
Gross profit		**61,939**	92,973
Other revenue	5	**1,891**	1,365
Other net income	5	**6,831**	4,134
Selling expenses		**(8,004)**	(18,487)
General and administrative expenses		**(51,035)**	(48,668)
Profit before taxation	6	**11,622**	31,317
Income tax	7	**(1,484)**	(3,849)
Profit for the period attributable to equity shareholders of the Company		**10,138**	27,468
Earnings per share	9		
Basic, HK cents		**2.05**	5.63
Diluted, HK cents		**2.04**	5.58

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Note)
Profit for the period	**10,138**	27,468
Other comprehensive 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	**(1,698)**	(4,007)
Total comprehensive income for the period attributable to equity shareholders of the Company	**8,440**	23,461

Note:
The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2019**	At 31 December 2018
		HK$'000	HK$'000
		(Unaudited)	(Audited)
			(Note)
Non-current assets			
Property, plant and equipment	10	**174,883**	184,011
Interests in leasehold land held for own use under operating leases	10	**-**	6,664
Right-of-use assets	10	**9,309**	-
Deferred tax assets		**2,903**	3,296
		187,095	193,971
Current assets			
Inventories		**129,993**	170,995
Trade and other receivables	11	**243,617**	289,831
Tax recoverable		**854**	2,140
Cash and cash equivalents		**209,994**	190,007
		584,458	652,973
Current liabilities			
Trade and other payables	12	**178,565**	229,599
Dividends payable		**702**	258
Tax payable		**882**	4,737
		180,149	234,594
Net current assets		**404,309**	418,379
Total assets less current liabilities		**591,404**	612,350
Non-current liabilities			
Deferred tax liabilities		**181**	181
NET ASSETS		**591,223**	612,169
Capital and reserves			
Share capital		**462,110**	461,807
Reserves		**129,113**	150,362
TOTAL EQUITY		**591,223**	612,169

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

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 2018 annual financial statements, except for the changes in accounting policies that are expected to be reflected in the 2019 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 2018 that is included in this preliminary announcement of interim results 2019 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 2018 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

The HKICPA has issued a number of new HKFRSs, HKFRS 16 and amendments to HKFRSs that are first effective for the current accounting period of the Group. Except for HKFRS 16, Leases, none of the developments have had a material effect on the Group's financial statements for the current or prior periods.

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 16 on the Group's interim financial information and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different from those applied in prior periods.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(i) Effect of the adoption

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4. Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group reassessed all lease contracts at 1 January 2019 in which, except for contracts relating to leasehold land, the Group had no other lease contracts that were classified as leases under HKAS 17 but also satisfied the definition of a lease under HKFRS 16.

Upon the adoption of HKFRS 16, the Group reclassified the assets under finance leases (mainly leasehold land) from property, plant and equipment and interests in leasehold land under operating leases to right-of-use assets for presentation purposes in which the right-of-use assets are depreciated over their existing lease terms onwards.

The following table summarises the impacts of the adoption of HKFRS 16, on the Group's consolidated statement of financial position:

	At 31 December 2018 HK$'000	HKFRS 16 Reclassification HK$'000	At 1 January 2019 HK$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	184,011	(2,931)	181,080
Interests in leasehold land held for own use under operating leases	6,664	(6,664)	-
Right-of-use assets	-	9,595	9,595

The adoption of HKFRS 16 has no impact on the opening balance of equity at 1 January 2019.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) Revised accounting policy for leases

A contract is assessed for whether it is or contains a lease at its inception. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset if the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

For lessors, leases whereby all substantial risks and rewards incidental to the ownership of an underlying asset are not transferred to the customer are classified as operating lease arrangements. The respective lease assets are included in the consolidated financial statements according to their nature.

For lessees, a right-of-use asset and a lease liability, if any, are recognised at the lease commencement date, except for leases with a lease term of 12 months or less, or those low value assets, which are recognised as expenses on a straight-line basis over the lease terms.

A lease liability is initially measured at the present value of future lease payments with reference to an expected lease term, which includes optional lease periods when the lessee is reasonably certain to exercise the option to extend or not to terminate the lease. Future lease payments are discounted using the interest rate implicit in the lease, if this cannot be readily determined, an incremental borrowing rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, in a similar economic environment, over a similar term and with a similar security is used. The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing its carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options. The lease liability is separately disclosed as a line item in the consolidated statement of financial position.

At inception, the right-of-use asset comprises the initial lease liability, initial direct costs and the obligation to restore the asset, less any incentive granted by the lessor. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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						
	The United States	**The PRC**	**Japan**	**Europe**	**Asia (excluding Japan and The PRC)**	**Rest of the world**	**Total**
For the six months ended 30 June	**2019 HK$'000 (Unaudited)**	**2019 HK$'000 (Unaudited)**	**2019 HK$'000 (Unaudited)**	**2019 HK$'000 (Unaudited)**	**2019 HK$'000 (Unaudited)**	**2019 HK$'000 (Unaudited)**	**2019 HK$'000 (Unaudited)**
Revenue from external customers	**137,232**	**120,611**	**125,641**	**110,873**	**35,991**	**14,150**	**544,498**
Inter-segment revenue	**-**	**209,044**	**-**	**-**	**425,712**	**-**	**634,756**
Reportable segment revenue recognised at a point in time	**137,232**	**329,655**	**125,641**	**110,873**	**461,703**	**14,150**	**1,179,254**
Reportable segment profit (adjusted EBITDA)	**5,123**	**4,502**	**4,691**	**4,139**	**25,946**	**528**	**44,929**
As at 30 June							
Reportable segment assets	**-**	**393,063**	**-**	**-**	**503,538**	**-**	**896,601**
Reportable segment liabilities	**-**	**(133,705)**	**-**	**-**	**(176,829)**	**-**	**(310,534)**

3 SEGMENT REPORTING (Continued)

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

	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 31 December							
Reportable segment assets	-	446,922	-	-	515,813	-	962,735
Reportable segment liabilities	-	(176,479)	-	-	(174,347)	-	(350,826)

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**1,179,254**	1,339,858
Elimination of inter-segment revenue	**(634,756)**	(736,709)
Consolidated revenue	**544,498**	603,149

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit		
Reportable segment profit	**44,929**	91,098
Elimination of inter-segment profits	**(24,602)**	(49,834)
Reportable segment profit derived from Group's external customers	**20,327**	41,264
Other revenue and other net income	**8,722**	5,499
Depreciation and amortisation	**(17,427)**	(15,446)
Consolidated profit before taxation	**11,622**	31,317

3 SEGMENT REPORTING (Continued)

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

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Assets		
Reportable segment assets	**896,601**	962,735
Elimination of inter-segment receivables	**(128,805)**	(121,227)
	767,796	841,508
Tax recoverable	**854**	2,140
Deferred tax assets	**2,903**	3,296
Consolidated total assets	**771,553**	846,944
Liabilities		
Reportable segment liabilities	**(310,534)**	(350,826)
Elimination of inter-segment payables	**131,969**	121,227
	(178,565)	(229,599)
Dividends payable	**(702)**	(258)
Tax payable	**(882)**	(4,737)
Deferred tax liabilities	**(181)**	(181)
Consolidated total liabilities	**(180,330)**	(234,775)

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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other revenue		
Bank interest income	**1,891**	1,365
Other net income		
Net exchange gain	**3,452**	3,486
Net loss on disposal of property, plant and equipment	**(279)**	(238)
Net gain on disposal of scrap materials	**454**	642
Sundry income	**3,204**	244
	6,831	4,134

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited) (Note)
(a) Staff costs		
Salaries, wages and other benefits	**103,018**	96,870
Discretionary bonuses	**909**	1,113
Contributions to defined contribution retirement plans	**9,100**	9,045
	113,027	107,028

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited) (Note)
(b) Other items		
Cost of inventories sold#	**482,559**	510,176
Depreciation of right-of-use assets	**247**	-
Amortisation of interests in leasehold land held for own use under operating leases	**-**	206
Depreciation of property, plant and equipment	**17,180**	15,240
Product development cost*	**21,366**	21,134
Claims on sales^	**-**	11,076
Net loss on disposal of property, plant and equipment	**279**	238

Cost of inventories includes approximately HK$101,428,000 (six months ended 30 June 2018: HK$95,103,000) 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$12,064,000 (six months ended 30 June 2018: HK$9,749,000) 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 these types of expenses.

^ Pursuant to an agreement with a customer, the Company agreed to compensate certain claims by this customer arising from defective goods 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 prior period.

Note:
The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

7 INCOME TAX

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**2,834**	1,253
Current tax – PRC Enterprise Income Tax		
Provision for the period	**-**	3,723
Over-provision in respect of prior years	**(1,735)**	(2,733)
	(1,735)	990
Deferred tax		
Origination and reversal of temporary difference	**385**	1,606
Income tax expense	**1,484**	3,849

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2018: 16.5%) of the estimated assessable profits for the period.

A subsidiary in the PRC was qualified as a high and new technology enterprise that can enjoy a preferential tax rate of 15% (six months ended 30 June 2018:15%).

8 DIVIDENDS

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

	Six months ended 30 June	
	2019	2018
	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 2018: 2 HK cents per ordinary share)	**9,884**	9,876

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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of previous financial year ended 31 December 2018, approved and paid of 4 HK cents (year ended 31 December 2017: 4 HK cents) per ordinary share	**19,768**	19,553
Special dividend in respect of previous financial year ended 31 December 2018, approved and paid of 2 HK cents per ordinary share (year ended 31 December 2017: Nil)	**9,884**	-
	29,652	19,553

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity shareholders of the Company of approximately HK$10,138,000 (six months ended 30 June 2018: HK$$27,468,000) and the weighted average number of ordinary shares of approximately 493,927,000 (six months ended 30 June 2018: 487,848,000) shares in issue during the interim period.

The calculation of diluted earnings per share is based on the profit for the period attributable to equity shareholders of the Company of approximately HK$10,138,000 (six months ended 30 June 2018: HK$27,468,000) and the weighted average number of ordinary shares of approximately 497,320,000 (six months ended 30 June 2018: 492,023,000) shares after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

10 PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND RIGHT-OF-USE ASSETS

	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
Net carrying value:			
At 30 June 2018 (Unaudited)	182,407	7,110	189,517
At 31 December 2017 (Audited)	165,581	7,403	172,984

10 PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND RIGHT-OF-USE ASSETS (Continued)

	Property, plant and equipment HK$'000	Interests in leasehold land held for own use under operating leases HK$'000	Right-of-use assets HK$'000	Total fixed assets HK$'000
Cost:				
At 1 January 2019 (Audited), as previously reported	**620,726**	**15,391**	**-**	**636,117**
Effects of the adoption of HKFRS 16 (see note 2)	**(5,235)**	**(15,391)**	**20,626**	**-**
At 1 January 2019 (Audited), as restated	**615,491**	**-**	**20,626**	**636,117**
Exchange adjustments	**(3,678)**	**-**	**(101)**	**(3,779)**
Additions	**12,463**	**-**	**-**	**12,463**
Disposals	**(4,065)**	**-**	**-**	**(4,065)**
At 30 June 2019 (Unaudited)	**620,211**	**-**	**20,525**	**640,736**
Accumulated amortisation and depreciation:				
At 1 January 2019 (Audited), as previously reported	**436,715**	**8,727**	**-**	**445,442**
Effects of the adoption of HKFRS 16 (see note 2)	**(2,304)**	**(8,727)**	**11,031**	**-**
At 1 January 2019 (Audited), as restated	**434,411**	**-**	**11,031**	**445,442**
Exchange adjustments	**(2,620)**	**-**	**(62)**	**(2,682)**
Charge for the period	**17,180**	**-**	**247**	**17,427**
Eliminated on disposals	**(3,643)**	**-**	**-**	**(3,643)**
At 30 June 2019 (Unaudited)	**445,328**	**-**	**11,216**	**456,544**
Net carrying value:				
At 30 June 2019 (Unaudited)	**174,883**	**-**	**9,309**	**184,192**
At 1 January 2019 (Audited), as restated	**181,080**	**-**	**9,595**	**190,675**
At 31 December 2018 (Audited), as previously reported	**184,011**	**6,664**	**-**	**190,675**

Note:

(a) Upon the initial adoption of HKFRS 16, certain interests in leasehold land under finance leases and operating leases, with the net carrying value of HK$2,931,000 and HK$6,664,000 respectively, were presented and grouped into right-of-use assets (see note 2).

(b) Right-of-use assets represent leasehold land under medium-term leases.

11 TRADE AND OTHER RECEIVABLE

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Trade debtors	**222,111**	261,565
Other debtors	**10,212**	20,525
Deposits and prepayments	**11,294**	7,741
	243,617	289,831

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

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Within 1 month	**79,774**	85,823
More than 1 month but less than 3 months	**100,767**	127,551
More than 3 months but less than 12 months	**41,502**	47,840
Over 12 months	**68**	351
	222,111	261,565

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

12 TRADE AND OTHER PAYABLES

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Trade creditors	**131,230**	170,420
Accrued charges and other payables	**47,335**	59,179
	178,565	229,599

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

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Within 1 month	**58,431**	63,803
More than 1 month but less than 3 months	**70,081**	100,470
More than 3 months but less than 12 months	**2,623**	5,183
Over 12 months	**95**	964
	131,230	170,420

INTERIM DIVIDEND

At the Board meeting held on 29 August 2019, the Board declared an interim dividend of 2 HK cents (corresponding period in 2018: 2 HK cents) per ordinary share.

CLOSURE OF REGISTER OF MEMBERS

The book of transfers and register of members will be closed from Thursday, 12 September 2019 to Friday, 13 September 2019, both days inclusive, during such period no transfer of shares will be registered.

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 Wednesday, 11 September 2019. The interim dividend will be payable on or about Thursday, 10 October 2019 to shareholders whose names appear on the register of members at the close of business on Friday, 13 September 2019.

BUSINESS HIGHLIGHTS

The Group's revenue was HK$544,498,000 in the first six months of 2019, representing a decrease of 9.72% compared with turnover for the corresponding period in 2018. The Group's net profit was HK$10,138,000 compared with a net profit of HK$27,468,000 for the corresponding period in 2018, representing a decrease of 63%. The significant decrease in net profit was attributable to the Sino-US trade dispute and the macroeconomic factors that may have adverse effect on the Group's sales such as weakening Renminbi ("**RMB**") and British Pounds. Another reason which account for the decrease in turnover and net profit was delay and suspension of new products launch during the first half of 2019 by major customers due to economic uncertainties. Typically new products have higher margins and contributions to both revenue and net profit - any delay or suspension of new products introduction to market would have adverse impact on both sales and profitability.

Despite the uncertainties in global trade, the Group's management continued 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 2019, the Group made an investment in new technologies and spent HK$12,463,000 in R&D related capital expenditure (corresponding period in 2018: HK$35,131,000). Although the R&D related capital expenditure was significantly reduced, the Group's management identified strategic products to invest in automations to achieve better lean manufacturing processes implementation to offset increasing labor costs. Furthermore, the Group's management invested more in recruiting talents to work on technological invention and developing more intellectual property rights; and partnered with the Hong Kong Polytechnic University (one of the designated local research institutions) and a major customer to develop a number of new innovative products that might qualify for tax deduction under the Enhanced R&D Tax Deduction scheme according to the 2017 Policy Address announced by the Chief Executive of Hong Kong Special Administrative Region.

PROSPECTS IN THE SECOND HALF OF 2019

The Group's management anticipates strong challenges during the second half of 2019 as a result of continuous trade tensions and economic uncertainties. Recent political turmoil in Hong Kong has also led the Group's management to take risk management measure such as arranging more overseas material to be imported directly to PRC instead of importing via Hong Kong as transshipments. We hope this risk management measure can ensure that there will be no supply chain disruption to avoid production and shipment delay. In addition, the Group will look for the first sign of recovery to plan more aggressive new products launch in the near future. The Group's management will remain resilient to tackle any immediate market downturns and form stronger partnership with our strategic customers to weather the storm.

The Group has a portfolio of new products in the beverage, shaving & grooming and air purification product categories ready to be launched in the next six months and towards 2020. In the next 18 months, the Group will invest and promote computerization of manufacturing. We will integrate our bar code system, ERP system and financial analytic software so that the Group's management can make faster decision to react to market demand. We hope the investment in ERP system upgrade and bar code system full integration will enhance faster information exchange; and enable our management to steer the operations towards the goal of industry 4.0 and transform the facilities into a "smart factory" to improve production efficiency.

In light of the difficulty experienced by other OEM manufacturers who relocated their factories to South East Asia, the Group has no immediate plan to set up new factories in South East Asia. The Group's management will continue the strategy to sell innovative products with IP protection to customers in Europe and Asia.

FINANCIAL REVIEW

The liquidity position of the Group was satisfactory. The current ratio of the Group was 3.24 as of 30 June 2019 (31 December 2018: 2.78). The quick ratio of the Group was 2.52 as of 30 June 2019 (31 December 2018: 2.05). The gearing ratio of the Group was 0.30 as of 30 June 2019 (31 December 2018: 0.38) and it was computed by the total liabilities divided by the net assets.

Bank balances and cash were HK$209,994,000 as of 30 June 2019 (30 June 2018: approximately HK$223,995,000), representing a decrease of HK$14,001,000 compared with that for the corresponding period. The decrease was mainly due to high level of R&D expenses and capital expenditures incurred during the second half of 2018.

There was no bank borrowing as of 30 June 2019 (31 December 2018: Nil), and the Group had no contingent liabilities as of 30 June 2019 (31 December 2018: Nil).

CHARGE ON ASSETS

The Group has no charges on assets as of 30 June 2019 (31 December 2018: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in the United States Dollars ("**USD**"), British Pounds, Hong Kong Dollars and RMB. The depreciation of RMB verses USD in the period caused decrease in our turnover and net profits as Hong Kong dollar is our functional currency. 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 the 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 33 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 480 to 520 staff members, and workers employed directly or indirectly ranged from 2,300 to 2,700 during six months ended 30 June 2019.

The Group's remuneration policies remained the same as disclosed in the 2018 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.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2019 which would materially affect the Group's operating and financial performance as at the date of this announcement.

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 2019.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2019, 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 2019.

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 Dr. 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 2019.

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 2019 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 2019

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Dr. Wong, Wilson Kin Lae; Mr. Wong, John Ying Man; Dr. Wong, Raymond Man Hin and Mr. Mok Kin Hing

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

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 Dr. Wong, Wilson Kin Lae)