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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 OF UNAUDITED 2019 THIRD QUARTER RESULTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2019**

The Board (the “Board”) of Directors (the “Directors”) of Raymond Industrial Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (together the “Group”) for nine months ended 30 September 2019, together with comparative figures for corresponding period in 2018 as follows:

Consolidated statement of profit or loss

(Expressed in Hong Kong dollars)

| | Note | Nine months ended 30 September | |
|---|------|---------------------------------|---------------------------------|
| | | 2019 (Unaudited) HK\$'000 | 2018 (Unaudited) HK\$'000 |
| Revenue | | 839,085 | 937,519 |
| Cost of sales | | <u>(738,054)</u> | <u>(794,468)</u> |
| Gross profit | | 101,031 | 143,051 |
| Other revenue | | 3,085 | 2,452 |
| Other net income | | 7,872 | 4,682 |
| Selling expenses | | (11,321) | (23,133) |
| General and administrative expenses | | <u>(77,584)</u> | <u>(78,740)</u> |
| Profit before taxation | | 23,083 | 48,312 |
| Income tax | | <u>(1,602)</u> | <u>(6,771)</u> |
| Profit for the period attributable to equity shareholders of the Company | | <u>21,481</u> | <u>41,541</u> |
| Earnings per share | 1 | | |
| Basic, HK cents | | <u>4.35</u> | <u>8.48</u> |
| Diluted, HK cents | | <u>4.32</u> | <u>8.41</u> |

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

| | Nine months ended 30 September | |
|---|--------------------------------|-------------------------|
| | 2019 | 2018 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Profit for the period | 21,481 | 41,541 |
| 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 | <u>(8,532)</u> | <u>(15,940)</u> |
| Total comprehensive income for the period attributable to equity shareholders of the Company | <u>12,949</u> | <u>25,601</u> |

Consolidated statement of financial position
(Expressed in Hong Kong dollars)

| | 30 September 2019 (Unaudited) HK\$'000 | 31 December 2018 (Audited) HK\$'000 |
|--|---|--|
| Non-current assets | | |
| Property, plant and equipment | 168,396 | 184,011 |
| Interests in leasehold land held for own use under operating leases | - | 6,664 |
| Right-of-use assets | 9,035 | - |
| Deferred tax assets | 2,855 | 3,296 |
| | <u>180,286</u> | <u>193,971</u> |
| Current assets | | |
| Inventories | 127,169 | 170,995 |
| Trade and other receivables | 292,848 | 289,831 |
| Tax recoverable | - | 2,140 |
| Cash and cash equivalents | 210,388 | 190,007 |
| | <u>630,405</u> | <u>652,973</u> |
| Current liabilities | | |
| Trade and other payables | 212,480 | 229,599 |
| Dividends payable | 295 | 258 |
| Tax payable | 1,812 | 4,737 |
| | <u>214,587</u> | <u>234,594</u> |
| Net current assets | <u>415,818</u> | <u>418,379</u> |
| Total assets less current liabilities | <u>596,104</u> | <u>612,350</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 181 | 181 |
| NET ASSETS | <u>595,923</u> | <u>612,169</u> |
| CAPITAL AND RESERVES | | |
| Share capital | 462,333 | 461,807 |
| Reserves | 133,590 | 150,362 |
| TOTAL EQUITY | <u>595,923</u> | <u>612,169</u> |

NOTE:**1 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\$21,481,000 (nine months ended 30 September 2018: HK\$41,541,000) and the weighted average number of ordinary shares of approximately 494,092,000 (nine months ended 30 September 2018: 489,859,000) shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of approximately HK\$21,481,000 (nine months ended 30 September 2018: HK\$41,541,000) and the weighted average number of ordinary shares of approximately 497,289,000 (nine months ended 30 September 2018: 494,034,000) shares after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

BUSINESS HIGHLIGHTS

In the first nine months of 2019, we have seen lower sales demand for air purifiers, grooming and shaving products compared with the corresponding period in 2018 due to economic slowdown and Sino-US trade war. The turnover of the Group was HK\$839,085,000 in the first nine months of 2019, representing a decrease of 10.50% compared with turnover for the corresponding period in 2018. The Group's net profit was HK\$21,481,000, representing a significant decrease of 48.29% when compared with net profit of HK\$41,541,000 for the corresponding period in 2018. The Group's management is cautious about future business outlook as global economic and political uncertainties have caused many new products launch to be either delayed or suspended. To diversify risk associated with the industries and markets, the Group's management will try their best endeavor to explore business opportunities in higher profit margin new product categories and venture into product with innovative and new technologies. The Group's management believes that despite the recent setbacks, the Group's strong balance sheets can enable the Group to re-capture market share from our competitors and promote products in new product categories once the market turns around.

During the first nine months of 2019, the Group's management faces uncertainties arisen from Sino-US trade war as well as depreciating RMB. The Group's management predict exports to USA will continue to be adversely impacted in the second half of 2019 and during the whole year of 2020. The Group's management has reviewed internal allocation of capital resources, human resources, information technology and property, plant and equipment investment to ensure that proper allocation of limited resources is achieved. As a result, the Group has started to slow down capital expenditures in production automation and equipment, but continued to invest more in new R&D innovation, new information technology systems and new intellectual property rights.

BUSINESS PROSPECTS

In light of the straining relationship between China and the United States of America, the

Group's management continues to launch new products despite the fact that certain new products launch were either delayed or suspended during the first nine months of 2019. The Group's management faces the double-edged sword of depreciating RMB and higher US tariffs during this difficult period. To counter the adverse impact of Sino-US trade war and depreciating RMB, the Group's management starts looking at new business opportunities in Korea, Japan, the United Kingdom and Europe. The Group's investment in R&D enables us to obtain the HNTE status and allow the Group to use new knowledge, patents and innovations developed in the past few years to find new business opportunities and new market segments to continue the growth in the business.

The Group's management believes that upgrading information technology systems is essential for improving productivity and optimizing operations to react faster to the macro economic and political changes during this tumultuous time and in the future. Therefore, the Group's management has taken the initiatives to invest in new information technology systems, CCTV monitoring systems so that the Group's management can encourage our production teams to improve production efficiency and remote access operations to make faster operational decisions. The investment in new information technology and CCTV monitoring systems can also enable the Group to attain authorized economic operators status to gain competitive advantages in logistics and custom clearance technologies over our competitors.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. The current ratio of the Group was 2.94 as at 30 September 2019 (31 December 2018: 2.78). The quick ratio of the Group was 2.35 as at 30 September 2019 (31 December 2018: 2.05). The gearing ratio of the Group was 0.36 as at 30 September 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\$210,388,000 as at 30 September 2019, representing a increase of HK\$20,381,000 compared with that on 31 December 2018. The increase was mainly due to lower level of inventory and capital expenditures as at 30 September 2019.

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

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2019.

By Order of the Board
Raymond Industrial Limited
Wong, Wilson Kin Lae
Chairman

Hong Kong, 14 November 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)