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**Announcement
2020 Interim Results**

SUMMARY OF UNAUDITED FINANCIAL RESULTS

For the six months ended 30 June 2020

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 2020 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 2020 and the condensed consolidated statement of financial position of the Group as at 30 June 2020, 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, RSM Hong Kong.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2020**(Expressed in Hong Kong dollars)*

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3 & 4	563,795	544,498
Cost of sales		<u>(484,630)</u>	<u>(482,559)</u>
Gross profit		79,165	61,939
Other revenue	5	1,805	1,891
Other net income	5	506	6,831
Selling expenses		(6,260)	(8,004)
General and administrative expenses		(47,829)	(51,035)
Impairment loss of trade receivables		<u>(2,384)</u>	<u>-</u>
Profit before taxation		25,003	11,622
Income tax expense	7	<u>(5,748)</u>	<u>(1,484)</u>
Profit for the period attributable to shareholders of the Company	6	<u>19,255</u>	<u>10,138</u>
Earnings per share	9		
Basic, HK cents		<u>3.89</u>	<u>2.05</u>
Diluted, HK cents		<u>3.88</u>	<u>2.04</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period attributable to shareholders of the Company	19,255	10,138
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	<u>(5,593)</u>	<u>(1,698)</u>
Total comprehensive income for the period attributable to shareholders of the Company	<u>13,662</u>	<u>8,440</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

(Expressed in Hong Kong dollars)

		30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	10	143,064	169,692
Right-of use assets	10	8,609	8,973
Deferred tax assets		3,270	3,424
		<u>154,943</u>	<u>182,089</u>
Current assets			
Inventories		120,474	124,496
Trade and other receivables	11	283,320	278,452
Cash and cash equivalents		256,499	255,198
		<u>660,293</u>	<u>658,146</u>
Current liabilities			
Trade and other payables	12	209,859	229,428
Dividends payable		514	282
Tax payable		4,854	4,398
		<u>215,227</u>	<u>234,108</u>
Net current assets		<u>445,066</u>	<u>424,038</u>
Total assets less current liabilities		<u>600,009</u>	<u>606,127</u>
Non-current liabilities			
Deferred tax liabilities		173	173
NET ASSETS		<u>599,836</u>	<u>605,954</u>
Capital and reserves			
Share capital		462,333	462,333
Reserves		137,503	143,621
TOTAL EQUITY		<u>599,836</u>	<u>605,954</u>

Notes:

1 BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2019 that is included in these unaudited condensed financial statements for the six months ended 30 June 2020 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has report on those consolidated 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 Hong Kong Companies Ordinance (Cap. 622).

These condensed financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2019. A number of new or amended standards are effective from 1 January 2020 but they do not have a material effect on the Group’s financial statements.

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 of America, 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.

For the six months ended 30 June	Electrical home appliances						Total 2020 HK\$'000 (Unaudited)
	The United States of America	The PRC	Japan	Europe	Asia (excluding Japan and the PRC)	Rest of the world	
	2020	2020	2020	2020	2020	2020	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
Revenue from external customers	128,122	152,032	136,130	99,599	29,234	18,678	563,795
Inter-segment revenue	-	214,101	-	-	406,513	-	620,614
Reportable segment revenue recognised at a point in time	128,122	366,133	136,130	99,599	435,747	18,678	1,184,409
Reportable segment profit (adjusted EBITDA)	8,910	10,573	9,466	6,927	13,470	1,300	50,646
As at 30 June							
Reportable segment assets	-	375,388	-	-	538,942	-	914,330
Reportable segment liabilities	-	(135,837)	-	-	(176,394)	-	(312,231)

3 SEGMENT REPORTING (Continued)

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

	Electrical home appliances						Total 2019 HK\$'000 (Unaudited)
	The United States of America 2019 HK\$'000 (Unaudited)	The PRC 2019 HK\$'000 (Unaudited)	Japan 2019 HK\$'000 (Unaudited)	Europe 2019 HK\$'000 (Unaudited)	Asia (excluding Japan and the PRC) 2019 HK\$'000 (Unaudited)	Rest of the world 2019 HK\$'000 (Unaudited)	
For the six months ended 30 June							
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 31 December							
Reportable segment assets	-	392,700	-	-	525,873	-	918,573
Reportable segment liabilities	-	(147,125)	-	-	(198,049)	-	(345,174)

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	1,184,409	1,179,254
Elimination of inter-segment revenue	<u>(620,614)</u>	<u>(634,756)</u>
Consolidated revenue	<u>563,795</u>	<u>544,498</u>

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit		
Reportable segment profit	50,646	44,929
Elimination of inter-segment profits	<u>(11,438)</u>	<u>(24,602)</u>
Reportable segment profit derived from Group's external customers	39,208	20,327
Other revenue and other net income	2,311	8,722
Depreciation	<u>(16,516)</u>	<u>(17,427)</u>
Consolidated profit before taxation	<u>25,003</u>	<u>11,622</u>

3 SEGMENT REPORTING (Continued)

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Assets		
Reportable segment assets	914,330	918,573
Elimination of inter-segment receivables	<u>(102,364)</u>	<u>(81,762)</u>
	811,966	836,811
Deferred tax assets	<u>3,270</u>	<u>3,424</u>
Consolidated total assets	<u><u>815,236</u></u>	<u><u>840,235</u></u>
Liabilities		
Reportable segment liabilities	(312,231)	(345,174)
Elimination of inter-segment payables	<u>102,372</u>	<u>115,746</u>
	(209,859)	(229,428)
Dividends payable	(514)	(282)
Tax payable	(4,854)	(4,398)
Deferred tax liabilities	<u>(173)</u>	<u>(173)</u>
Consolidated total liabilities	<u><u>(215,400)</u></u>	<u><u>(234,281)</u></u>

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other revenue		
Bank interest income	<u>1,805</u>	<u>1,891</u>
Other net income		
Net exchange (loss)/gain	(218)	3,452
Net loss on disposal of property, plant and equipment	(1)	(279)
Net gain on disposal of scrap materials	-	454
Sundry income	<u>725</u>	<u>3,204</u>
	<u>506</u>	<u>6,831</u>

6 PROFIT FOR THE PERIOD

The Group's profit for the period is arrived after charging:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs		
Salaries, wages and other benefits	92,561	103,018
Discretionary bonuses	1,253	909
Contributions to defined contribution retirement plans	5,534	9,100
	99,348	113,027

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(b) Other items		
Cost of inventories sold [#]	484,630	482,559
Depreciation of right-of-use assets	237	247
Depreciation of property, plant and equipment	16,279	17,180
Product development cost*	22,203	21,366
Impairment loss of trade receivables	2,384	-
Net loss on disposal of property, plant and equipment	1	279
Obsolete moulds and toolings written off	11,792	-

[#]Cost of inventories includes approximately HK\$87,025,000 (six months ended 30 June 2019: HK\$101,428,000) relating to staff costs and depreciation, amounts of which are also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

Cost of inventories sold also included approximately HK\$11,792,000 (six months ended 30 June 2019: HK\$ Nil) relating to obsolete moulds and toolings written off.

*Product development costs include approximately HK\$11,706,000 (six months ended 30 June 2019: HK\$12,064,000) relating to staff costs and depreciation, amounts of which are also included in their respective total amounts disclosed separately above or in note 6(a) for each these types of expenses.

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>2,058</u>	<u>2,834</u>
Current tax – PRC Enterprise Income Tax		
Provision for the period	4,307	-
Over-provision in respect of prior years	<u>(719)</u>	<u>(1,735)</u>
	<u>3,588</u>	<u>(1,735)</u>
Deferred tax		
Origination and reversal of temporary differences, net	<u>102</u>	<u>385</u>
Income tax expense	<u><u>5,748</u></u>	<u><u>1,484</u></u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2019: 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 2019: 15%).

8 DIVIDENDS

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

	Six months ended 30 June	
	2020	2019
	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 2019: 2 HK cents per ordinary share)	<u>9,890</u>	<u>9,884</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of previous financial year ended 31 December 2019, approved and paid of 4 HK cents (year ended 31 December 2018: 4 HK cents) per ordinary share	19,780	19,768
Special dividend in respect of previous financial year ended 31 December 2019, approved and paid of Nil HK cents per ordinary share (year ended 31 December 2018: 2 HK cents)	<u>-</u>	<u>9,884</u>
	<u>19,780</u>	<u>29,652</u>

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of the Company of approximately HK\$19,255,000 (six months ended 30 June 2019: HK\$10,138,000) and the weighted average number of ordinary shares of approximately 494,500,000 (six months ended 30 June 2019: 493,927,000) shares in issue during the interim period.

The calculation of diluted earnings per share is based on the profit for the period attributable to shareholders of the Company of approximately HK\$19,255,000 (six months ended 30 June 2019: HK\$10,138,000) and the weighted average number of ordinary shares of approximately 495,961,000 (six months ended 30 June 2019: 497,320,000) shares after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

	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 HK\$'000
Cost:				
At 1 January 2019 (Audited), as previously reported	620,726	15,391	-	636,117
Effects of the adoption of HKFRS 16	(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	(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

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

	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Cost:			
At 1 January 2020 (Audited)	615,989	20,297	636,286
Exchange adjustments	(10,279)	(314)	(10,593)
Additions	4,922	-	4,922
Disposals	(101,625)	-	(101,625)
At 30 June 2020 (Unaudited)	509,007	19,983	528,990
Accumulated depreciation:			
At 1 January 2020 (Audited)	446,297	11,324	457,621
Exchange adjustments	(7,058)	(187)	(7,245)
Charge for the period	16,279	237	16,516
Eliminated on disposals	(89,575)	-	(89,575)
At 30 June 2020 (Unaudited)	365,943	11,374	377,317
Net carrying value:			
At 30 June 2020 (Unaudited)	143,064	8,609	151,673
At 31 December 2019 (Audited)	169,692	8,973	178,665

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

11 TRADE AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	268,302	257,326
Other receivables	11,144	15,286
Deposits and prepayments	3,874	5,840
	<u>283,320</u>	<u>278,452</u>

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 1 month	99,005	91,749
More than 1 month but less than 3 months	142,425	117,144
More than 3 months but less than 12 months	26,771	48,366
Over 12 months	101	67
	<u>268,302</u>	<u>257,326</u>

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

12 TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables	171,710	180,084
Accrued charges and other payables	38,149	49,344
	<u>209,859</u>	<u>229,428</u>

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 1 month	58,575	174,823
More than 1 month but less than 3 months	103,683	2,686
More than 3 months but less than 12 months	8,277	2,449
Over 12 months	1,175	126
	<u>171,710</u>	<u>180,084</u>

INTERIM DIVIDEND

At the Board meeting held on 27 August 2020, the Board declared an interim dividend of 2 HK cents (corresponding period in 2019: 2 HK cents) per ordinary share.

CLOSURE OF REGISTER OF MEMEBERS

The book of transfers and register of members will be closed from Monday, 14 September 2020 to Wednesday, 16 September 2020, 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 Friday, 11 September 2020. The interim dividend will be payable on or about Tuesday, 6 October 2020 to shareholders whose names appear on the register of members at the close of business on Wednesday, 16 September 2020.

BUSINESS HIGHLIGHTS

In the first half of 2020, the Group's revenue was HK\$563,795,000, representing an increase of 3.54% compared with turnover for the corresponding period in 2019 (HK\$544,498,000). The Group's net profit was HK\$19,255,000 compared with a net profit of HK\$10,138,000 for the corresponding period in 2019, representing an increase of 90%. The significant increase in net profit was attributable to the fact that (1) increase in sales of air purification and personal hygiene products during the second quarter in 2020; (2) proper and efficient control of operational expenses; (3) reduction of social insurance in the People's Republic of China (the "PRC") during first six months in 2020 via local government subsidy; and (4) the Group's management worked with our customers to promote more online sales during the second quarter of 2020, instead of focusing on offline sales through traditional distribution channels, and this strategy paid off handsomely.

During the first quarter of 2020, the Group's management faced uncertainties arising from the COVID-19 pandemic that posed health threat to our employees. The COVID-19 pandemic also caused disruption in the supply chain when the Group resumed production after the Chinese New Year, most notably from suppliers located in Malaysia and Thailand when these countries extended their restriction on movement and travel. The Group faced temporary transportation network shut down in the PRC immediately after the Chinese New Year. Consequently, many of our employees and workers found it difficult to travel to our factory to report to work, and it took our management six weeks to resume production capacity to an acceptable level. Fortunately, from April to June 2020, the Group has adopted a three-pronged strategy to get our operations back to normal: (1) business continuity (contingency planning – how to remotely keep the critical processes going); (2) costs control (contingency plan to optimize fixed costs and adopt fast cost cutting measures); and (3) cash management (revise safety stock level for finished goods and critical raw materials, maintain healthy cash level to weather the storm, and prioritize capital expenditures and cut unnecessary expenses). As a result, the Group has seen increased sales, additional orders coming in, and more new products launched during the second quarter of 2020.

During the same period, COVID-19 pandemic has also accelerated the Group's management commitment to digital transformation and made the management rethink guidelines that govern working from home, conserving cash, and controlling costs. The Group's management has successfully adopted a new business model, a more resilient and flexible supply chain and digital distribution channels. The increase in online sales in the past few months has exemplified the essentials of speed, adaptability and agility of e-commerce model to maintain competitiveness in an uncertain market.

PROSPECTS IN THE SECOND HALF OF 2020

The Group's management anticipates strong challenges during the second half of 2020 due to continuous trade tensions, COVID-19 pandemic and economic uncertainties. The Group's management remains cautiously optimistic as we continue to launch new products in the PRC and overseas in 2020. Despite the COVID-19 pandemic, the Group's management continues to cultivate new customers to diversify our new products portfolio. With these new customers, we hope that we can bring in new revenue stream and diversify the risk of having too much revenue concentrated in a few major customers and product categories. The Group's investment in research and development ("R&D") enables us to maintain the High and New Technology Enterprise status for the fourth consecutive year, and allows the Group to use new knowledge, patents and innovations to grow our business. The Group will look for the first sign of recovery, after the COVID-19 pandemic is under control, 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 foster a stronger strategic alliance with our customers and our suppliers.

Technology, such as data analytics and the internet of things, can increase our Group's competitiveness when we can have faster information flow and processing. Technology can also improve cybersecurity. In 2019, the Group has started our ERP system upgrade and will complete our digital transformation project in 2020. By the completion of this project, the Group's management expects that we can have faster data processing capabilities to handle automatic query and reporting, data mining, optimization and predictive analysis. We will also transform our workplace from a static information processing center to a dynamic information network which allows mobile remote access (such as using DocuSign to sign contracts online, to equip ERP Finance module with e-banking capability, and to use ZOOM to host online meetings and AGM). If ERP upgrade is successful, we hope that we can implement cross-functional operations transformation to unlock the Company's full operational potential. In addition, we can scrutinize the entire end-to-end process, from understanding customer needs to the delivery of finished products. Addressing the entire value chain, we can open up larger opportunities to grow our business. Finally, faster information processing can lead to more efficient use of working capital, and better management decisions for discretionary spending.

FINANCIAL REVIEW

The liquidity position of the Group was good. The current ratio of the Group was 3.07 as of 30 June 2020 (31 December 2019: 2.81). The quick ratio of the Group was 2.51 as of 30 June 2020 (31 December 2019: 2.28). The gearing ratio of the Group was 0.35 as of 30 June 2020 (31 December 2019: 0.38), which was computed by the trade and other payables over total equity.

Bank balances and cash were HK\$256,499,000 as of 30 June 2020 (31 December 2019: HK\$255,198,000), representing an increase of HK\$1,301,000 compared to the figures as of 31 December 2019. The increase was mainly due to lesser capital expenditures incurred during first half of 2020 because of more conservative approach in capital investment.

There was no bank borrowing as of 30 June 2020 (31 December 2019: Nil), and the Group had no contingent liabilities as of 30 June 2020 (31 December 2019: Nil).

CHARGE ON ASSETS

The Group has no charges on assets as of 30 June 2020 (31 December 2019: 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 depreciation of RMB versus USD in the period caused decrease in our labour costs and increase in net profits as Hong Kong dollar is our functional currency. The Group has seen immaterial impact as a result of depreciation in British pounds since our sales denominated 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 33 Hong Kong staff members and provides them with the mandatory provident fund scheme. Our factory in the PRC employs approximately 450 to 500 staff members, and workers employed directly or indirectly ranged from 2,000 to 2,500 during the six months ended 30 June 2020.

The Group's remuneration policies remained the same as disclosed in the 2019 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 2020 which would materially affect the Group's operating and financial performance as at the date of this report.

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 2020.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2020, 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 2020.

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. Lo, Wilson Kwong Shun (Chairperson), Mr. Fan, Anthony Ren Da, Mr. Ng Yiu Ming and Ms. Ling, Imma Kit Sum.

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 2020.

The Audit Committee comprises four independent non-executive Directors, namely Ms. Ling, Imma Kit Sum (Chairperson), 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 (Chairperson), Mr. Fan, Anthony Ren Da, Mr. Lo, Wilson Kwong Shun and Ms. Ling, Imma Kit Sum.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

The 2020 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, 27 August 2020

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:

Ms. Ling, Imma Kit Sum; Mr. Fan, Anthony Ren Da, Mr. Ng Yiu Ming and Mr. Lo, Wilson Kwong Shun.